

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

for the year ended June 30, 2013
SOUTHFIELD, MICHIGAN

City of Southfield, Michigan

Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2013

**Fiscal Services Division
Accounting Department**

Table of Contents

PAGE

I. INTRODUCTORY SECTION

LETTER OF TRANSMITTAL	1
ORGANIZATIONAL CHART	23
ELECTED OFFICIALS AND CITY ADMINISTRATOR	24

II. FINANCIAL SECTION

REPORT OF INDEPENDENT AUDITORS.....	26
MANAGEMENT'S DISCUSSION AND ANALYSIS	28

BASIC FINANCIAL STATEMENTS:

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

Statement of Net Position	42
Statement of Activities	43

GOVERNMENTAL FUNDS:

Balance Sheet-Governmental Funds	44
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position....	45
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds	46
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds, to the Statement of Activities.....	47

PROPRIETARY FUNDS:

Statement of Net Position	48
Statement of Revenues, Expenses, and Changes in Net Position	49
Statement of Cash Flows	50

FIDUCIARY FUNDS:

Statement of Fiduciary Net Position	52
Statement of Changes in Fiduciary Net Position	53

COMPONENT UNITS:

Statement of Net Position – Discretely Presented Component Units	54
Statement of Activities – Discretely Presented Component Units.....	55

NOTES TO THE FINANCIAL STATEMENTS:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	56
A. Reporting Entity.....	56
B. Basis of Presentation	59
C. Basis of Accounting.....	62
D. Assets, Liabilities, and Equity	64
E. Change in Reporting	67
2. COMPLIANCE AND ACCOUNTABILITY	68
A. Budgetary Data	68
B. Budget Variances	69
C. Individual Fund Deficit Disclosures.....	73
3. DETAILED NOTES ON ALL FUNDS	74
A. Deposits and Investments	74

Table of Contents

	PAGE
<u>NOTES TO THE FINANCIAL STATEMENTS (continued):</u>	
B. Receivables and Deferred Revenues	83
C. Capital Assets	85
D. Long-term Debt and Other Obligations.....	87
E. Interfund Balances and Transfers	89
4. OTHER INFORMATION	91
A. Fund Balance Constraints	91
B. Property Taxes	92
C. Contingencies	93
D. Pension Trusts	94
E. Other Post-employment Benefits.....	100
F. Deferred Compensation Plan.....	103
G. Upcoming Accounting Pronouncements	104
<u>REQUIRED SUPPLEMENTARY INFORMATION:</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund.....	106
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Local Streets	107
Schedule of Funding Progress.....	108
Schedule of Employer Contributions.....	110
Schedule of the Adopted Budget to Final Presentation Reconciliation	111
<u>OTHER SUPPLEMENTAL INFORMATION:</u>	
<u>Non-Major Governmental Funds:</u>	
<i>Combining Fund Statements and Schedules:</i>	
Combining Balance Sheet – Non-major Governmental Funds.....	114
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds	115
<i>Individual Fund Statements and Schedules:</i>	
Combining Balance Sheet – Non-major Governmental Funds – Special Revenue Funds.....	118
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds – Special Revenue Funds.....	120
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Special Revenue Funds – Final Budget and Actual:	
Major Streets.....	122
Parks and Recreation.....	123
Cable Television.....	124
Block Grant	125
Drug Law Enforcement.....	126
Grants	127
Library.....	128
Michigan Works.....	129
Auto Theft.....	130
Donations, Memorial Trusts & Sponsorships.....	131

Table of Contents

PAGE

Individual Fund Statements and Schedules (continued):

Combining Balance Sheet – Non-major Governmental Funds – Debt Service Funds	133
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds – Debt Service Funds.....	134
Combining Balance Sheet – Non-major Governmental Funds – Capital Project Funds.....	136
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds – Capital Project Funds	137

INTERNAL SERVICE FUNDS:

Combining Statement of Net Position.....	139
Combining Statement of Revenues, Expenses and Changes in Net Position.....	140
Combining Statement of Cash Flows.....	141

FIDUCIARY FUNDS:

Trust:

Combining Statement of Fiduciary Net Position – Pension and Other Post Employment Benefits Trust Funds	143
Combining Statement of Changes in Fiduciary Net Position – Pension and Other Post Employment Benefits Trust Funds	144

Agency:

Combining Statement of Fiduciary Net Position – Agency Funds.....	147
Combining Statement of Changes in Assets and Liabilities – Agency Funds	148

III. STATISTICAL SECTION

FINANCIAL TRENDS:

Net Position by Component	151
Changes in Net Position.....	152
Fund Balances, Governmental Funds	153
Changes in Fund Balances, Governmental Funds.....	154
General Fund Balance Compared to Annual Expenditures.....	155

REVENUE CAPACITY:

General Governmental Tax Revenue by Source.....	156
Property Tax Levies and Collections	157
Largest Taxpayers	158
Assessed Value of Taxable Property.....	159
Property Tax Rates.....	160
History of Constitutional Tax Rate Rollback Factors Required Under Proposal E (The “Headlee” Amendment).....	161

Table of Contents

PAGE

III. STATISTICAL SECTION (continued)

DEBT CAPACITY:

Computation of Direct and Overlapping Debt	162
Statement of Legal Debt Margin	163
Ratio of Net General Debt to Taxable Value and Net Bonded Debt Per Capita	164
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures	164

DEMOGRAPHIC AND ECONOMIC INFORMATION:

Demographic Statistics	165
Principal Employers	166
Construction and Property Value	167
Economic and Statistical History	168

OPERATING INFORMATION:

Operating Indicators by Function/Program	173
Capital Assets Statistics by Function/Program	174
Authorized Full-Time Positions.....	175
Management Group (Exempt) Personnel Salary Schedule	176

CONTINUING DISCLOSURE:

State Shared Revenues and Gas & Weight Taxes.....	177
Labor Agreements	178

(This page left intentionally blank.)



City of Southfield

26000 Evergreen Rd. • P.O. Box 2055 • Southfield, MI 48037-2055 • www.cityofsouthfield.com

February 18, 2014

Honorable Mayor and Council
Municipal Building
Southfield, Michigan

RE: 2012-13 COMPREHENSIVE ANNUAL FINANCIAL REPORT LETTER OF TRANSMITTAL

Dear Sirs and Madams:

The Comprehensive Annual Financial Report of the City of Southfield, Michigan, for the fiscal year ended June 30, 2013, is submitted herewith, in accordance with provisions of the Southfield City Charter and the laws of the State of Michigan. This report, prepared by the City's Fiscal Services staff, represents the official report of the City's financial operations and condition to the City's residents, elected officials, investment firms, rating agencies and other interested parties. Responsibility for the accuracy, completeness and fairness of the financial data herein, including all disclosures, rests with the City. The annual audit of the City of Southfield financial statements was conducted by the independent accounting firm of Plante & Moran, PLLC.

This report also includes a separate section on Component Units, as required by Statement Number 14 of the Government Accounting Standards Board (GASB), (see pages 57 – 59 of this letter and the Table of Contents). Component units are included because of the significance of their operational or financial relationships with the City. The component unit columns in the combined financial statements include the financial data of the City's six component units. These units are reported in a separate column to emphasize that they are legally separate from the City. They include the Local Development Finance Authority, the Tax Increment Finance Authority, the Economic Development Corporation, Cornerstone Development Authority, Brownfield Redevelopment Authority, Section & Housing Commission and the Southfield Growth Corporation. Descriptions of each component unit appear in Note 1A on pages 57 - 59 of this report.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial and Statistical. The introductory section, which is un-audited, includes this letter of transmittal, an organizational chart and a list of the City of Southfield's principal elected and appointed officials. The financial section, which is audited, includes the Management Discussion and Analysis, basic financial statements and the combining and individual fund statements and schedules. The statistical section, which is un-audited, includes selected financial and demographic information, generally presented on a multi-year basis.

Mayor	Council President	City Clerk	City Treasurer
Brenda L. Lawrence	Sylvia Jordan	Nancy L. M. Banks	Irv M. Lowenberg

City Council

Donald F. Fracassi	Myron A. Frasier	Sidney Lantz	Jeremy Moss	Joan Seymour	Kenson J. Siver
--------------------	------------------	--------------	-------------	--------------	-----------------

City of Southfield

Letter of Transmittal

The enclosed data is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and the results of operations of various funds of the City. This letter should be read in conjunction with the Management's Discussion and Analysis. Included are disclosures necessary to enable the reader to gain an understanding of the City's financial activities.

The City of Southfield is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget's Circular A-133, Audits of State and Local Governments. The single audit report includes independent auditor review and comments on internal controls, legal/regulatory compliance, and any findings of questioned costs.

CITY OF SOUTHFIELD, MICHIGAN: MUNICIPAL OVERVIEW

The City of Southfield is comprised of over 26 square miles of abundant natural beauty, well-maintained homes and neighborhoods and majestic skyscrapers. Southfield offers a complete living community, featuring a nationally recognized public school system, several private and parochial schools and numerous colleges and universities. Conveniently located in Oakland County, Southfield is not only the Center of It All™ geographically, but also the business center of southeast Michigan. With a daytime population nearing 175,000, over 27 million square feet of office space, and over seven million square feet of retail and industrial space, Southfield is truly Michigan's business center. In fact, Southfield boasts more office space than the central business districts of Cleveland, Cincinnati, Detroit, Indianapolis or Kansas City. Approximately 9,000 businesses call Southfield home, including over 100 "Fortune 500" companies spanning several industries. An impressive 98 percent of the City is accessible to high-speed fiber optics, broadband and satellite services with several backbones traversing the community. Over the years, Southfield has steadily grown to be one of the premier business and residential addresses in Michigan—a center of commerce nestled among quaint, tree-lined neighborhoods.

Intersected by I-696, U.S. 10, U.S. 24, M-39, M-10 and many other major highways, Southfield is centrally located for convenient access to businesses, their customers and suppliers. Its central location places Southfield just 20 minutes away from almost anywhere in metro Detroit, including Metropolitan Airport, downtown Detroit, and the international borders of Canada. The City of Southfield remains an important international business community with approximately 25 percent of all Oakland County's businesses and international firms and nearly half of all its Japanese firms. Southfield is also proud to be home to more than 71,000 residents and a wide variety of housing options, from single-family homes and condominiums to townhomes and apartments. Residents, businesses and visitors alike come to Southfield for its central location, great recreational opportunities and easy access to all of southeastern Michigan. It is no coincidence that the City of Southfield was named one of the nation's most livable metro-area suburbs by Forbes magazine for its large commercial district, affordable housing, quality schools and safe neighborhoods.

Southfield's modern infrastructure, diverse mix of residential and business cultures, focus on beautification and appearance, and excellent City services have created a statewide model of a successful community that has helped to provide a solid foundation for the City's long-term sustainability. City leaders continue to maintain a constant focus on providing quality city services while doing so with unprecedented reductions in property tax revenues, state shared revenues and state road funding (Act 51) as a result of the great recession and a struggling state economy. Despite these major

City of Southfield

Letter of Transmittal

challenges, the City of Southfield stands ready to serve as a leader in the economic comeback of this region and the State of Michigan.

Southfield's large business community dates back to the mid 1950's. Corporations seeking spacious suburban offices were attracted to Southfield, and within a half-decade, dozens of high-profile firms called Southfield home. Growth was spurred by the nation's first regional shopping center, Northland Center, which opened in Southfield in 1954; yet today, it remains a major retail center. City leaders showed considerable foresight over the years in creating a high-visibility business community along major roadways, with neighborhoods strategically tucked into adjacent acreage and subdivisions.

Southfield is operated under a Council/Administrator form of government. The seven-member City Council is elected at two-year intervals on a non-partisan ballot; the three highest vote-getters receive four-year terms and the fourth serves a two-year term. The Council President, who presides over meetings, is elected by Council colleagues. Special Council committees review and make policy recommendations on finance, zoning, transportation, state legislation, appointments and other key issues.

The Mayor, elected to a four-year term on a non-partisan ballot, has veto power over Council actions but does not vote on legislative matters. A two-thirds Council majority vote is needed to override a Mayoral veto. The Mayor also appoints the City Attorney, City Assessor, City Planner and Emergency Management Director, with appointment confirmation by City Council.

Also elected to four-year terms, the City Clerk and City Treasurer serve in full-time capacities. The City Administrator, appointed by and reporting directly to City Council, serves as chief administrative officer and oversees daily operations and policy implementation.

The City's elected officials hold memberships and often play a leadership role in a wide range of professional organizations, including the National League of Cities, Michigan Municipal League, United States Conference of Mayors, Municipal Clerks' Association, Municipal Treasurers' Association, and the Government Finance Officers' Association. Management also holds leadership positions or participates in numerous professional organizations, including the International City/County Management Association, Michigan Government Finance Officers' Association, American Public Works Association, International Code Council, Building Owners and Managers' Association, National Association of Telecommunication Officers and Advisors, Public Relations Society of America, and the City-County Communications & Marketing Association.

Southfield is served by many long-tenured elected officials and administrative staff. City Council members average more than 10 years of service while the Mayor, City Treasurer and City Clerk typically average even longer terms. The average tenure of the City's management groups is more than 20 years, providing stability and proven leadership for City operations. Within the group, many hold advanced academic degrees, numerous professional designations and professional certifications in their respective fields. In addition, many have earned special recognition through election to state or national association offices, as instructors for professional seminars, or as guest lecturers at universities.

City of Southfield

Letter of Transmittal

The City's Exempt Service Staff consists of management group employees selected by authorized elected or appointed officials. These positions are executive level, in general, and not part of the civil service system. The Mayor and Council utilize the annual budget process to review salary ranges for exempt personnel. Other City employment classifications are reviewed either through collective bargaining or the Civil Service Commission.

The City of Southfield was recognized for a fifth consecutive year in a study by researchers at the University of Michigan-Dearborn's Center for Innovation Research (iLabs) as a Five-Star Community that fosters entrepreneurial growth and economic development. The 2012 "eCities" study or "the Entrepreneurial Cities Index" found that several southeast Michigan municipalities "are hard at work attracting, cultivating, building and retaining entrepreneurial firms." The study, conducted by iLabs, the Center for Innovation Research in the UM-Dearborn School of Management, focused on entrepreneurship because of its importance to expansion and diversification of Michigan's regional economies and the impact small businesses have on job creation. Five-star communities spend a combined \$2.2 million on economic development, have 15 percent of Michigan's population with a professional degree and 92 percent share services related to economic development with another municipality. The eCities research surveyed 102 communities from 37 counties in Michigan that are home to 36 percent of Michigan residents and 40 percent of its college graduates. These communities count nearly one-third of the state's entrepreneurs with over \$3.2 billion in self-employed income as residents. These communities also had more than \$1.8 billion in 2012 commercial construction and account for more than 48 percent of Michigan's commercial property.

The City of Southfield's 2012 Annual Report/Calendar won the Silver Circle Award, the second place designation, in the 24th annual national Savvy Awards Competition sponsored by the City-County Communications and Marketing Association (3CMA). The award was given in the category of Graphic Design-Art & Photography for communities in the population group 16,000-78,296. The competition judges commented that the calendar featured "Exceptional photos of a community wearing its best seasonal colors makes this calendar a real page-turner," and "Even the smaller pictures call for a second look, framed by perfectly chosen page colors for each month." Additionally, the judges added "So what if three months showcase snow and ice? We'd move there just for the spring flowers!" Judges also cited an appreciation for the calendar's inclusion of a vast array of budget and service information in addition to more traditional event entries. The Southfield 2012 Annual Report/Calendar was produced entirely in-house by the City's Community Relations Department. The City of Southfield's entry was one of almost 800 submitted from municipalities and counties from across the country. The Savvy Awards are held annually in cooperation with the National League of Cities to recognize outstanding local government achievements in communications, public sector marketing, and citizen-government relationships. Each year the number of entries in 3CMA's Savvy Awards competition continues to increase in quantity, quality, and scope of programs submitted.

The City of Southfield was awarded a \$2,022,298 Staffing for Adequate Fire and Emergency Response (SAFER) grant from the Federal Emergency Management Agency (FEMA) in July of 2012 to hire four trained reservists and to maintain existing fire department staff. The Staffing for Adequate Fire and Emergency Response Grants (SAFER) was created to provide funding directly to fire departments in order to help them increase the number of trained, "frontline" firefighters available in their communities. The grant is payable over a two-year period. The goal of SAFER is to enhance the local fire

City of Southfield

Letter of Transmittal

departments' abilities to comply with staffing, response and operational standards established by the National Fire Protection Association (NFPA) and the Occupational Safety and Health Administration (OSHA).

Senators Carl Levin and Debbie Stabenow, Congressman Sander Levin and Southfield Fire Department staff were instrumental in securing the SAFER grant for Southfield. The funds will cover the total cost of the firefighters (salaries, benefits, equipment and continued training) for two years with no cost share to the City.

In keeping with the City's primary commitment to unparalleled public safety, the Southfield City Council unanimously approved the appointments of Eric Hawkins as the new Police Chief and Keith Rowley as the new Fire Chief at the October 15, 2012 City Council Meeting.

Chief Eric Hawkins joined the Southfield Police Department in 1990, starting as a Police Cadet and appointed as a sworn Police Officer in 1991. Since then, Chief Hawkins has continued to rise through the ranks of the department – serving in the role of Acting Chief since May of 2011. Throughout his career, Chief Hawkins has displayed exceptional qualities while handling increasing levels of responsibility.

With fourteen months as Acting Fire Chief and over 33 years of experience in the fire service—the last 21 of which were in progressively-responsible supervisory positions—Chief Rowley is extremely familiar with the functions and requirements of the Fire Chief's position. He has organized and managed numerous major programs and projects within the department, such as expanding the Technical Rescue program and assisting in set up of the Urban Search and Rescue Team. Under his leadership, fire department staff teamed with City Administration and the Department of Homeland Security to reconfigure the SAFER grant to better meet the needs of the City of Southfield. As a result, the City and the Fire Department are supremely positioned to maintain the high standards of commitment and care for the community.

The City of Southfield launched a convenient and cost-effective new service to allow online water bill payments through a secure Web site. Southfield's new online water bill payment service is the result of a collaborative effort between the City's Water, Treasurer's and Technology Services Department to provide residents and businesses with a safe and secure method of paying water bills online. The site is Payment Card Industry (PCI) compliant and meets all legal requirements for online credit card payments in order to mitigate the potential for credit card fraud. The site was first developed nearly two years ago – providing Southfield residents and businesses with instant access to their accounts allowing them to check account balances, view transaction history, and examine usage information with ease. Registered users will now also have the ability to pay water bills online with payments posted to their accounts immediately.

Southfield Parks & Recreation is also now offering online registration for most P&R programs as an added convenience to the community. It's a fast, easy and secure way for residents to register for P&R programs and classes right from the comfort of home 24-hours-a-day, seven-days-a-week year-round. Registered users simply log on to www.cityofsouthfield.com and click on the 'P&R Online Registration' link to view and register for available classes and programs. Most P&R activities are now just a few clicks away and registered user's account information remains private and secure.

City of Southfield

Letter of Transmittal

The City of Southfield unveiled an updated resident handbook in FY 2012-13 that is now available in both print at City Hall and online at the City's Web site. Whether a long-time resident or new to the City – the revised resident handbook provides an overview of (almost) everything one needs to know about living in Southfield. The new handbook has been streamlined to offer the same detailed information about city codes, ordinances, regulations and tips in a clear, concise and easy-to-read format.

Southfield residents have 92 homeowners associations and 46 condominium associations representing their collective interests. The community offers over 17,000 single-family homes and nearly 17,000 multi-family apartments and townhouses. Within Southfield's 26.7 square miles, residential zoning comprises 64 percent of land use, yet 65 percent of the community's tax revenues are generated from business properties. Though considered nearly fully developed, Southfield continues to evolve to meet the ever-changing needs of the community.

The City of Southfield was one of the first cities to be certified as a "Redevelopment Ready Community" by the Michigan Suburban Alliance. The Redevelopment Ready Communities (RRC) project is the result of an innovative new certification process designed by developers and public officials to measure municipal preparedness for in-fill investment. The goal of the RRC project is to change market perceptions of older communities by streamlining local government administrative processes and removing redevelopment barriers through a certification system that encourages redevelopment. This system for certifying communities as "redevelopment ready" benefits both mature communities and interested developers by creating a more efficient and predictable redevelopment process. The program evaluates and certifies cities that integrate transparency, predictability and efficiency into their daily development practices. The first of its kind in the nation, RRC supports and accelerates the adoption of professional practices that cities, developers, business leaders and citizens alike can count on. Using a set of nationally-vetted best practices and standards, RRC helps municipalities build deliberate, fair and consistent development processes from the inside out--and to effectively communicate them to potential investors.

The Partnership for Redevelopment, a collaboration with the Michigan Economic Development Corporation and the Michigan State Housing Development Authority, is designed to enhance the RRC project and help communities realize new investment. A few examples of the RRC project requirements include disseminating information throughout the community on the need for redevelopment and its benefits in addition to demonstrating the community's commitment and ability to work with investors.

The City of Southfield signed an official cooperation agreement with the Michigan Economic Development Corporation (MEDC) designed to encourage collaboration, promote economic development and create jobs. The agreement formalizes an already existing partnership between Southfield and the MEDC that ensures collaboration in implementing economic development strategies designed to promote economic growth and to maintain a high quality of life within the region.

The Southfield Brownfield Redevelopment Authority provides major tools and incentives for businesses to revitalize "brownfields," which are environmentally contaminated or functionally obsolete properties. These tools include tax increment financing and small business tax credits to potential developers of brownfield properties. The ability to offer brownfield redevelopment incentives enables Southfield to

City of Southfield

Letter of Transmittal

entice new development to areas that may otherwise be overlooked due to the additional costs of redevelopment.

The City of Southfield is the original home of the Automation Alley SmartZone™, the Great Lakes Interchange, one of the first State-designated high-tech and information technology clusters. The Michigan Legislature and Michigan Economic Development Corporation developed the concept of SmartZones in an effort to promote high technology business development and job creation in the region. The Great Lakes Interchange provides a centrally located site where technology-based firms, entrepreneurs and researchers can work in close proximity to a wealth of other community assets. With a cluster of companies that are established on both a national and global scale, the Great Lakes Interchange region is ranked third in the nation for the number of technology companies and fourth in total employment in high-tech industries. Oakland County, Rochester Hills, Troy, Lawrence Technological University, Oakland University, and Automation Alley are all partners in the Great Lakes Interchange SmartZone.

More than 350 high-technology, information-technology, and telecommunications firms have a corporate presence in Southfield. An impressive 98 percent of the City is accessible to high-speed fiber optics, broadband and satellite services with several backbones traversing the community. Major telecommunications firms appreciate Southfield's extensive infrastructure, access to a footprint of citywide fiber optics and central location. More than 40 telecommunications firms are represented in Southfield, including 123.net, AT&T, Verizon, Sprint, Comcast, LDMI, Level 3 Communications, and MCI. More than 90 software development companies also have a presence in Southfield, including the industry's largest: IBM, Microsoft, UGS Corp., Sun Microsystems, Cisco Systems, and many others.

Other key high-tech industries represented in Southfield include major electronic media and satellite facilities such as Hughes Network Systems, LLC, national affiliates ABC, CBS, FOX, the CW Television Network, Detroit Fox Sports Network and Infinity Broadcasting, parent company of five metro-area radio stations. Healthcare and life science-based businesses also abound in Southfield, including Blue Care Network, St. John's Providence Hospital, Housey Pharmaceuticals, Lumigen and several others.

Some of the world's leading research and development firms are also based in Southfield, including Lear Corporation (world headquarters), Denso International (North American headquarters), BASF, GE, Honda Research and Development America, Eaton Corporation, Sverdrup Technologies, Autoliv, ThyssenKrupp, and many others.

Like many cities throughout Michigan and the nation, Southfield continues to deal with a record number of foreclosures and double digit property value losses as a result of the great recession. To help address this issue, the City applied for a Neighborhood Stabilization Program (NSP) grant through the U.S. Department of Housing and Urban Development (HUD). The City of Southfield was subsequently awarded a \$3.2 million Neighborhood Stabilization Program Grant to purchase foreclosed or abandoned homes in order to rehabilitate, resell, or redevelop them in an effort to stabilize neighborhoods and reduce the decline in property values. The NSP grant is actually an amendment to the City's Community Development Block Grant Program. The NSP provides emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of

City of Southfield

Letter of Transmittal

abandonment and blight within their communities. Moreover, the program provides financial assistance to qualifying families for acquisition of foreclosed and vacant properties.

The Southfield Growth Corporation continued to be recognized as one of the most successful programs in fiscal year 2012-2013. To further the efforts of purchasing foreclosed or abandoned homes in order to rehabilitate and resell them an additional \$1.1 million in grant funds was awarded to the City of Southfield through HUD last year. To date, more than 60 families and homes have been positively impacted through the program and additional revenues are anticipated upon the sale of properties to existing clients. The Southfield Growth Corporation is one of the top performing programs in the country and has exceeded all program goals and requirements.

The Southfield City Council adopted Ordinance 1569 in August 2009 to address vacant and foreclosed properties in the city. The ordinance requires owners of vacant property, both commercial and residential, to register the property with the City and to have the property inspected to ensure compliance with the City's building and maintenance codes. The ordinance further requires that all code violations be resolved – exemplifying the City's commitment to quality housing and community appearance standards.

The Southfield City Council unanimously approved an amended fireworks Ordinance (No. 1612) in June of 2013 in accordance with the City's continued efforts to ensure the health, safety and welfare of the residents of the City of Southfield.

The ordinance amends sections 9.603 and 9.606 of the Southfield City Code to prohibit the use of consumer fireworks during the hours 12 midnight to 8 a.m. on the day preceding, the day of, and the day following a national holiday; and during the hours of 1 a.m. until 8 a.m. on New Year's Day. All violations will be subject to a municipal civil infraction with civil fines and penalties as provided in Section 1.703 of Chapter 15 of the City Code. The amended fireworks ordinance took effect on July 7, 2013.

The City of Southfield saw a wide variety of development and redevelopment projects completed or initiated throughout the City in fiscal year 2012-13. CBS Radio, a division of CBS Corporation, is one of the largest major-market radio operators in the United States, with stations covering news, sports, talk, rock, country, Top 40, classic hits, and urban formats, among others. Reaching more than 70 million unique over-the-air listeners on a weekly basis, the division operates 130 radio stations across 28 markets, including all of the Top 10. The overall mix of each radio station's programming is designed to fit the station's specific format and serve its local community.

Operating within CBS Radio is CBS Local Digital Media, a unique brand responsible for the convergence of the division's new and traditional media platforms through creative original content and advanced delivery methods. In July 2012, Southfield City Council approved a five-year personal property tax abatement for CBS Radio's proposal to occupy and improve the formerly vacant 40,980-square-foot office building located at 26455 American Drive. The building will serve as the new headquarters for the radio station, bring all of their stations together in one location. In addition to significant investment in the real property, CBS Radio will invest approximately \$3 million in information technology, furniture and fixtures, and leasehold improvements over the next five years. CBS Radio will also relocate 163

City of Southfield

Letter of Transmittal

employees from its various locations throughout southeast Michigan to the new Southfield facility. In addition to the 151 employees currently in Southfield, this move will result in 314 total employees at the new location.

DENSO is a leading global supplier of automotive technology, systems and components that is known worldwide for its technology and high manufacturing standards. DENSO has 120,000 employees in 34 countries, with over 1,000 employees located in Southfield.

In October 2012, Southfield City Council approved a five-year personal property tax exemption for DENSO's proposal to invest approximately \$44,617,506 in information technology, furniture & fixtures, and machinery & equipment over the next five years. The project is part of DENSO's ongoing effort to invest in the latest technology advancements in automotive manufacturing, including developing advanced technologies in gasoline direct injection fuel systems and start/stop systems both designed to improve gas mileage. In addition, an outlay of capital will be directed towards the research and development of hybrid & battery vehicle components.

Cybernetix purchased the 40,148-square-foot facility located at 21005 Lahser Road in 2011. The company plans to develop the facility as a Tier III carrier neutral, wholesale data center that will allow customers to lease this infrastructure on a long-term basis to free up capital for core business requirements. The facility is currently a shell, has been vacant for a number of years, and will require a complete interior build out to satisfy the rigid design requirements that are critical to the development of a Tier III data center.

Cybernetix expects to grow its headcount by 27 full-time employees by 2015 with an average annual salary of \$67,000. In addition, Cybernetix anticipates making a capital investment of approximately \$37 million in real and personal property over the same period. The real property improvement capital investment is anticipated to be approximately \$16 million and the personal property investment is expected to be approximately \$21 million. The Company plans to host four to five wholesale customers who will create an additional 10-15 new positions and substantial investment in additional new personal property. Once initiated, this project will provide a creative redeployment of commercial office resources.

The City of Southfield Cornerstone Development Authority (CDA) was established in 1988 to reverse the trend of declining property values and conditions in southeastern Southfield. The CDA is an active member of the City's Business Development Team as well as the Southfield Area Chamber of Commerce. The Southfield CDA consists of a 13-member Board of Directors and is staffed by two full-time employees. The CDA acts as a catalyst in the development and redevelopment of the district. Major stakeholders in the district, such as Providence Hospital, Northland Mall, and Oakland Community College offer the potential for growth.

The CDA launched an ambitious new initiative in January of 2011, the Healthcare Corridor economic development strategy, to actively recruit and promote new healthcare-related development in the area. The district already is supported by a strong healthcare infrastructure, highlighted by Providence Medical Center, the booming healthcare curriculum offered at the Oakland Community College Southfield campus, the seven-floor office housing 450 Health Alliance Plan (HAP) employees, the 10,000-

City of Southfield

Letter of Transmittal

square-foot Northland Park Dialysis Center, and CSL Plasma Center. The region's many amenities that attract healthcare investors range from physician groups to outpatient clinics to medical equipment companies, in addition to available land, professional office space, proximity to Wayne State University and University of Michigan medical schools, nearby highways and available skilled labor. Led by the City's CDA, these efforts are in partnership with Oakland County's Medical Main Street initiative, site location consultants and real estate developers that are all working together to attract healthcare and other investment to the city and county. One of the selling points of Southfield being a hub of healthcare activity and investment is the qualified workforce that lives in close proximity. Southfield's 48034 zip code is in the United States' top 101 zip codes for corporate employment. The City will be actively communicating with a range of healthcare stakeholders and administrators from around Michigan and the Midwest. Developers who are looking to construct medical complexes and facilities will also be targeted. Southfield leaders feel that by attracting healthcare employers to the region around 8 Mile Road and M-10 (Lodge Freeway), there will also be opportunities to attract supporting big-box retailers and a range of restaurants to service that immediate working population.

Also in the district, St. John's Providence Hospital continues to be a world-class healthcare institution, again ranked as one of the nation's top 15 major teaching hospitals by one of the country's leading sources of health care information and research. The recognition from Thomson Reuters recognizes hospitals that achieve or exceed national benchmark scores for hospital-wide performance. Providence was the only hospital in Michigan to be selected in the Major Teaching Hospital category of Thomson's 100 Top Hospital's list. This is Providence's fourth appearance on the list. Providence was also one of only 23 hospitals in the country to be named a winner of Thomson's Everest Award. The award honors an elite special group of the National award winners. Everest Award winners have reached the highest level of accomplishment on the national Balanced Scorecard and have the fastest rates of long-term improvement.

Curb appeal is important in maintaining the City's image and character. Public Works strives to ensure the City's streets, sidewalks, neighborhoods, and business districts remain safe, clean and appealing. Steps include the continuation of programs for ice and snow removal, mowing, and sweeping of three county roads: Lahser, 10 Mile and 12 Mile Roads; an extra sweep through residential streets; increased right-of-way, cemetery, and park mowing; and cleaning of ramps and side slopes during freeway road closures. The Public Works Department also works with the Neighborhood Associations to assist with the maintenance of neighborhood entranceways.

The Southfield Public Works Department continues to maintain and improve the City's infrastructure to ensure the safety and well-being of Southfield residents and businesses. In fiscal year 2012-13, the department continued the addition, upgrade and conversion of the SCADA system which monitors the City's sanitary sewage pump stations. The program has enabled the City's Water & Sewer Department to monitor and troubleshoot problems at these locations remotely, providing a higher level of protection from sewage backups. These improvements will continue to ensure that Southfield's water & sewer system remains safe and efficient for years to come.

The Public Works Department continued to move forward with upgrades to the water system in FY 2012-13 to ensure that Southfield's water remains safe for the community. Engineering plans have been completed for future water main installation upgrades in Sections 12 and 13. The department also

City of Southfield

Letter of Transmittal

continues the Drinking Water Cross Connection Contamination Program as mandated by the Michigan Department of Environmental Quality (MDEQ). This program requires regular inspections of facilities to ensure avoidance of cross contamination of potable water, thus protecting public health and the environment.

The Water & Sewer Department, in conjunction with the Oakland County Water Resource Commission, continues to conduct an Infiltration and Inflow Project to remove storm water from the city sanitary sewer system. A Closed Circuit (CC) TV Camera was used to locate problems throughout the City's sanitary sewer system. Removing the storm water from the system will also reduce the billable charges to the City for sewage treatment. The Water & Sewer Department also lined a total of 24,000 feet of sewer main and conducted sewer video main inspection on more than 62,000 feet of line.

The City of Southfield launched the Southfield Goes Green environmental awareness campaign to raise awareness about the environment while providing practical ideas that both residents and businesses can employ in their daily lives and operations. The Mayor and City Council have a long history of preserving green spaces and enacting ordinances that protect the environment. To that end, the Mayor formed the "Keep Southfield Green" Committee to address this important issue. As a proud Tree City USA Award recipient for the past 26 consecutive years, Southfield is committed to protecting green spaces with nearly 800 acres of park land including almost 400 acres of woodlands and wetlands set aside for preservation. The city of Southfield has also won several awards for its green, environmentally-friendly policies, programs and projects. Additionally, Southfield has been recognized by the Sierra Club as a "Cool City," the environmental organization's national campaign to 'Solve Global Warming One City at a Time.' The campaign continues to receive a positive response from the community, generating significant interest and support from Southfield residents and businesses.

The City of Southfield Planning Department adopted new Low Impact Design (LID) Guidelines to help reduce the environmental impact of development and redevelopment projects throughout the city. The City's new Low Impact Design Guidelines promote building policies designed to improve the health of both the residents and the environment to ensure sustainability and long term economic vitality. The Southfield Planning Department also recently updated the City's Site Plan Review, Special Use Review and Property Rezoning forms to make them more streamlined and user-friendly. All of the new and revised forms are now available on the City's Web site.

Beautification efforts are further strengthened through the Neighborhood Entranceway Marker Program administered through the City's Neighborhood and Information Center, a division of the Community Relations Department. In the 2012-13 fiscal year, 12 entranceway projects were funded to improve neighborhood entranceway signs and landscaping based on a dollar-to-dollar match. Additionally, more than 50 individual homeowners, neighborhood and condo associations, and public buildings were recognized for outstanding overall appearance and landscaping through the City's annual Community Pride Awards program. The Southfield Parks & Garden Club, a new grassroots effort led by volunteers, assisted with the judging in addition to working on several other beautification projects throughout the year. The City also sponsored the 11th annual Southfield Flower Day in May of 2013 to promote beautification efforts by providing residents the opportunity to shop for plants and flowers from several local vendors in one convenient location. Each year, the event continues to grow to attract more Southfield residents who share the City's commitment to curb appeal and beautification efforts.

City of Southfield

Letter of Transmittal

The City of Southfield launched the “Eyes on Southfield” program in August of 2007 to enable residents to notify the City with ease when a code or appearance issue is observed. Residents may simply call (248) 796-EYES (3937) 24 hours-a-day, seven days-a-week to report code or appearance concerns. With an increased focus on curb appeal, the Southfield Code Enforcement Department responds to most complaints within a 24- to 48-hour time period. Code Enforcement Officers canvass the City seven days-a-week to monitor the condition of Southfield homes and neighborhoods. In addition, the City relies on the “eyes and ears” of the entire community to report any appearance issues or code violations. When a violation exists, code officers will inform the resident or business of the issue and educate them on how to correct it. If another violation occurs at the same property, the home or business owner will be issued a civil infraction and must appear in court. The Eyes on Southfield community appearance program has proven to be very successful—generating almost 1,200 calls and subsequent resolutions throughout fiscal year 2012-13.

Southfield remains safe and secure as a result of the dedicated, highly trained and well equipped members of the City’s award-winning police, fire and emergency management departments. Southfield’s public safety personnel are committed to providing residents with the best possible service, protection and prevention through ongoing training for staff and staying current with the needs of the community. Residents have the opportunity to assist in keeping their community safe and secure through Neighborhood Watch and community policing projects. Emergency Management volunteers provide a variety of services during weather-related and other hazardous conditions; and by assisting with parking enforcement during community events.

The Southfield Police Department continues to be a national leader in developing effective community policing programs that are designed to augment the department’s traditional police activities. The Department joined the Oakland County Tactical Training Consortium (OakTac) during FY 2012-13. OakTac is group of twenty-seven Oakland County law enforcement agencies whose combined 845 police officers train together in active shooter response. The officers were exposed to the latest trends and best practices in neutralizing active shooters in public settings.

The Southfield Police Department launched the Southfield Safe Streets Pledge in January of 2013 to address distracted driving. The Pledge is a new, proactive approach to public safety designed to improve upon the traditional concept of responding to 911 calls. The Southfield Safe Streets Pledge redistributes public safety resources and use Proactive and Preventative Policing, Police-Initiated Activity and collaboration with the community to:

- Focus on locations with higher numbers of traffic accidents;
- Focus on distracted drivers;
- Focus on people that are texting while driving;
- Focus on drivers that disobey stop signs and traffic signals; and
- Focus on speeders in residential neighborhoods and near schools.

When citizens enter the city of Southfield borders, they can be rest assured that they will be safe and secure. The Southfield Police and Fire Departments are among the best in the nation, and committed to individual’s personal safety and well-being while they are in the City. Southfield public safety professionals pledge to keep Southfield streets safe – and in turn ask citizens to pledge to commit to

City of Southfield

Letter of Transmittal

driving cautiously, obeying all posted signs, laws and never driving while distracted by cell phone calls or texting.

Residents and visitors can take comfort in the fact that the average response time to emergencies in Southfield is among the lowest in the nation. The City is committed to providing only the highest quality services to its residents and visitors, and maintaining a safe and secure community is a top priority. Numerous national studies have shown that distracted drivers are a leading cause of accidents and other problems on the road, and the City of Southfield takes a zero-tolerance policy towards such violations. To that end, the city of Southfield has launched the Southfield Safe Streets Pledge to crack down on distracted and reckless drivers in an ongoing effort to keep Southfield streets safe and secure for everyone.

Residents and visitors alike are encouraged to take the Southfield Safe Streets Pledge and commit to do their part to keep our streets and community safe. To participate, citizens simply log on to www.cityofsouthfield.com and follow the links to take the pledge and to learn more about safe driving techniques, laws and statistics related to distracted driving, vehicular accidents and other important traffic and personal safety information.

The Southfield Police Department hosted several "Girls Night Out" safety seminars for teen-age girls during FY 2012-13. The seminars were designed to enhance the self-awareness capabilities of teen-age girls in order to minimize their risks of harm due to physical assaults. Over 300 girls attended the various seminars.

Two Southfield Police sergeants received the prestigious Medal of Valor from the Michigan Association of Chiefs of Police during FY 2012-13 for their heroic actions in the line of duty. The department also received federal grant funding to purchase a crash data retrieval system during FY 2012-13. The system allows investigators to access the data recorder of motor vehicles that are involved in serious traffic crashes.

The department assigned a detective to the Southeast Michigan Financial Crimes Task Force in fiscal year 2012-13. The task force is funded by the United States Secret Service and is comprised of twelve detectives from federal, state, county, and local law enforcement agencies. The detectives share information and resources while investigating complex financial crime enterprises. The Police Department also continued to allocate office space in the police building to the Southeast Michigan Crimes Against Children Task Force (SEMCAC) during FY 2012-13. SEMCAC addresses prostitution in and around the metropolitan Detroit area with a particular focus on underage prostitution. The allocation of office space for SEMCAC will allow the task force to rapidly respond and address issues that arise in the Southfield area.

The Southfield Fire Department is comprised of highly trained men and women ready to respond to emergencies from five fire stations strategically located throughout the City. The services provided by the Southfield Fire Department include: fire prevention, fire suppression, basic and advanced life support, high-angle rescue, trench collapse rescue, building collapse rescue, confined space rescue, hazardous materials response, public fire education, and CPR and first aid training. The department is a

City of Southfield

Letter of Transmittal

customer service organization dedicated to preserving the lives and property of Southfield citizens and visitors.

The City of Southfield became Michigan's first "heart safe" city by installing heart defibrillators in all municipal buildings as well as major office buildings and entertainment venues throughout the community. The Southfield Fire Department continues their commitment to the safety and security of Southfield residents, businesses and all those who enter the City on any given day despite increasing demands for service and limited resources. The Southfield Fire Department experienced another record setting year for emergency calls for service in FY 2012-13, responding to 12,631 total calls: 2023 fire runs and 10,608 calls for emergency medical service. The department also experienced a high number of technical rescue and hazardous material calls in FY 2012-13. The Southfield Fire Prevention Bureau remained busy presenting fire safety education in the local schools, reviewing site plans and plans for major building modifications, inspecting buildings, investigating fires and enforcing the International Fire Code.

Training continued to be a high priority for the fire department in FY 2012-13, resulting in a decrease of firefighter injuries from 48 in 2011 to 43 in 2012. Much of the decrease is a result of improved patient handling techniques, safer fire ground procedures, continued encouragement of stretching and physical conditioning programs for our members, as well as a commitment by the City and Fire Department Administration to embrace technology which increases efficiency and promotes safer operations. The department frequently utilized the City's technical rescue training field in collaboration with numerous other Oakland, Macomb and Washtenaw County fire departments as well as Michigan State University's Michigan Urban Search & Rescue team. The department also continued to improve and expand the City's hazardous material response capabilities at the local and regional level through large scale training deployments. Grant procurement remained another high priority for the department, successfully securing a federal grant in FY 2012-13 to purchase five new Life Pak 15 electrocardiogram (EKG's). The units are the most advanced machines on the market – providing the department with a variety of new diagnostic procedures. Built-in Pulse Oximetry, Capnography, and Carbon Monoxide monitoring are all available and extremely useful in patient assessment efforts. The Life Pak 15 also allows staff to transmit EKG's directly to the emergency room without relying on cellular phone transmission. The Fire Department was also able to purchase eight new automated external defibrillators (AED's) through the federal grant that replaced outdated models. These devices are placed on all engines and command cars to treat sudden cardiac arrest prior to the arrival of paramedics.

The Fire Department Paramedic Coordinator conducts two CPR/AED/First Aid training classes per month at Southfield's Emergency Management Room that are open to the general public. Group sessions are also available for Southfield businesses and organizations as well as classes for City employees. In 2012, over 550 participants successfully completed the class and received certification in CPR/AED/FIRST AID for adults, children and infants. Classes were also conducted at the Southfield Lathrup High School Medic Academy.

With the need for collaboration, the Southfield Fire Department has increased its efforts to train with our mutual aid partners. To be able to assist partner fire departments during times of critical need, each respective department must be familiar with each other's tactics, personnel and equipment. The Southfield Fire Department continues to coordinate shared trainings with neighboring mutual aid

City of Southfield

Letter of Transmittal

departments to further prepare and improve our combined ability to effectively respond to potential situations. The Training Officers of the eight Oakway departments meet on a monthly basis to share information, training aids and coordinate any joint training sessions. Hazmat and Technical Rescue Teams also continue to share groups of manpower and equipment among the Oakway departments. These team members meet frequently throughout the year to practice skills and coordinate response capabilities. Homeland Security dollars fund a portion of the training and equipment needs of these teams.

Southfield also maintains an automatic aid agreement with Farmington Hills to provide service on I-696. This agreement allows for a quick response to a limited access freeway that crosses between our borders. Our joint training sessions included water supply and foam application evolutions to prepare each department to provide assistance to one another. Mutual aid between our departments can also be utilized for other fire and EMS related responses along the shared border of Inkster Road.

In addition to all Michigan counties, the City of Southfield is one of only approximately 20 cities in the State of Michigan that provides its residents with a dedicated Emergency Management Program (EMP). The Southfield EMP is the lead local governmental agency concerned with planning and preparing Southfield for potential disasters before they occur and to coordinate efforts during actual disaster responses. Since 2002, Southfield Emergency Management has received over \$850,000 in federal grants to better prepare and safe-guard our community. Since 2004, the division has trained thousands of persons in all forms of Disaster Preparedness using Homeland Security funding. Southfield EMP also actively maintains a 'Volunteer Program' consisting of up to 40 uniformed, trained and equipped persons available to enhance public safety in the community. The City benefits from a dedicated Emergency Management Operations Command Center complete with "back-up" generator power in case of a power outage during a natural or man-made emergency. Additionally, the Southfield Amateur Radio Service (SARS) is available for emergency communications should conventional channels fail.

At the direction of the Southfield City Council, the police department reinstated the position of animal warden to more comprehensively enforce Chapter 113, ANIMALS, of the City Code. The Animal Warden assists Southfield residents with most animal-related problems or issues on their property or within their immediate living space. Animal warden services include: animal bite complaints, vicious, stray or wild animal concerns, barking dogs, dead animal removal, and animal cruelty cases.

The City of Southfield's Human Services Department provides a number of programs and services designed to meet the specialized needs of our residents and low-income families. These include: Legal Aid, Social Work Outreach & Older Adult Services, Services for the Physically Challenged, CHORE and Southfield Career Center/Michigan Works. The department's primary focus is to help families cope with difficult economic and life situations by providing direct emergency/financial assistance and/or referrals, consultations, crisis intervention, support groups, and telephone reassurance support to older adults. In FY 2012-13, the Human Services Department served as liaison to the Commission On Senior Adults; coordinated educational programs & services such as Southfield Goodfellows, Focus Hope, THAW, Adopt-a-Family, Tai Chi classes, Tone Up For Tune Ups, Senior Information Forum, foreclosure prevention & mortgage delinquency counseling, financial/budgeting workshops, and homebuyer education seminars. The department's goal is to help residents overcome personal hurdles and achieve a satisfying and productive quality of life.

City of Southfield

Letter of Transmittal

The City of Southfield recently launched Destination Southfield, a collection of Geographic Information System (GIS) -based sites that provide up-to-date interactive maps and information about city services, parks and polling locations.

The City of Southfield became one of the first communities in the country to take advantage of Environmental Systems Research Institute's (ESRI) new ArcGIS for Local Government common information model. ArcGIS for Local Government includes a series of maps and apps built on a common information model that are designed to work together across various city departments. This new GIS-based Internet mapping portal has been integrated into the City's existing GIS infrastructure to provide a wealth of geospatial information, including core GIS tools, templates, and applications. These new interactive maps and layers will help the City improve operations and communicate more effectively with the public while saving both time and money. Destination Southfield will also help to promote the growth of existing business and attract new investments into the city while providing vital information to citizens. Residents and nonresidents alike are now able to view property ownership, zoning, voting districts, refuse and recycling information and many other commonly used data layers.

The City of Southfield GIS Group deployed the apps and maps gallery template, Destination Southfield, in 2012 that includes the City's existing application "City Map Viewer" as well as the new applications "Polling Places" and "Parks & Rec Finder" with future plans for additional apps to be added in the coming months.

The City Map Viewer application provides a wealth of geospatial information to residents and businesses, supporting interactive public service delivery around the clock. Resources like the City's Map Viewer reflect the type of investments Southfield is making to ensure a vibrant business climate exists. This site helps promote the growth of existing business while also attracting new investments into the city by providing vital information to the community. Residents and nonresidents alike are now able to view property ownership, zoning, voting districts, refuse and recycling information and many more commonly used data layers 24-hours-a-day, seven-days-a-week.

The Election Polling Places application helps citizens to locate their election polling place and obtain information about current elected officials. This application is typically used by citizens during an election season, although it can be used throughout the year as well. To locate a polling place, simply click on the map or enter an address in the search box. The polling place and respective voting precinct will then be highlighted on the map and relevant information about the polling place will be presented in two tabs at the bottom of the application. The application will also provide directions from the searched address to the associated polling place location.

The Park and Recreation Finder application helps residents locate a park and obtain information about recreation activities in the community. This application is typically used by residents in a community; however, it can also be used by visitors to locate a park or recreation area near them, or one that offers the activity they are interested in. To locate a park, simply enter an address or activity in the search box. The park(s) or recreation area(s) will then be highlighted on the map and relevant information about available recreation activities are then presented to the user.

City of Southfield

Letter of Transmittal

In keeping with the City's tradition of transparency, Southfield strives to maintain open lines of communication with the community through a variety of award-winning communication vehicles, including a comprehensive municipal Web site, city cable channel, and several informative publications and newsletters. Taking advantage of the latest technology, the City of Southfield launched a new e-mail/text instant alert system for residents and businesses in 2009. The service is one of the newest, fastest and most cost-effective ways to update the community about current City news and information via e-mail or wireless device. The instant alert system is provided free-of-charge to both the City and the community by Oakland County through GovDelivery, the world's leading provider of government-to-citizen communication solutions. Sign-up is quick and easy right from the City's Web site. Southfield residents or businesses simply log on to www.cityofsouthfield.com and enter their e-mail address. From here users verify their e-mail address (and/or wireless information) and set their preferences. Registered users then begin receiving updates as they are released from the City via their preferred method. The instant alert system is a quick, convenient and free way to keep the community apprised of any breaking news in the city.

The City of Southfield utilizes the latest social media to communicate with the community through the City of Southfield LinkedIn profile page and the City of Southfield, Michigan USA Facebook fan page. Both sites are used to disseminate information about the City to targeted audiences in a convenient and cost-effective manner. The City has received overwhelmingly positive feedback from users on both sites, with the City's Facebook fan page growing to encompass almost 5,000 "fans" of the City – a clear indication of its effectiveness.

The 2012 International Festival kicked-off with a U.S. Citizenship & Immigration Services (CIS) swearing-in ceremony of more than 100 new citizens from 47 different countries. The City of Southfield, in partnership with the International Institute of Metropolitan Detroit, Inc., sponsored the International Festival October 5-October 7 in the Southfield Pavilion. The event featured a fun, affordable and enriching weekend for the entire family, including: international music and dance performances; children's hands-on activities and crafts; and ethnic art and craft demonstrations. Guests were also able to purchase a wide variety of imported products, authentic handmade arts and crafts, jewelry, books and other unique gifts from almost 30 vendors from around the world. A wide variety of ethnic food and beverages was also available for purchase. The event was a great success, with thousands of guests from Southfield and all of metro Detroit attending throughout the entire weekend.

The City's Parks & Recreation Department provides numerous recreation programs for both residents and business people of all ages and interests at facilities throughout the City. The Parks and Recreation department continues to offer innovative new programs and community partnerships to provide a wide range of recreation opportunities. Southfield's many parks remain extremely popular throughout the entire year, hosting a wide range of athletic competitions and events such as little league games, adult softball, tennis and sand volleyball leagues and soccer games. Over 150 families rented one of three picnic shelters in the City in the 2012-13 fiscal year for their family and school reunions, church and business picnics or other special events. More than 10,000 visitors enjoyed the new kiddie pool and climbing wall toys at the Southfield Sports Arena pool, and over 18,000 rounds of golf were played at Beech Woods Golf Course in addition to almost 26,000 rounds played at Evergreen Hills Golf Course.

City of Southfield

Letter of Transmittal

The Southfield Parks & Recreation was recognized for a number of programs and initiatives in FY 2012-13, including the President's Award from Keep Michigan Beautiful for the Carpenter Lake Nature Preserve at their annual meeting in October 2012. This award represents the organization's highest honor awarded to communities throughout Michigan. The City of Southfield was one of 16 communities that were honored as charter members by the Beautification Council of Southeastern Michigan at their 50th anniversary celebration in May of 2013. Southfield was also a finalist for the Earth Hour City Challenge, an initiative created by World Wildlife Fund to celebrate cities that are taking innovative actions towards creating greener, cleaner and more sustainable cities to live in, while inspiring other cities to do the same. Southfield was one of only two communities in Michigan to receive this recognition.

The P&R department successfully secured several grants in FY 2012-13, including a Great Lakes Restoration Initiative grant through the Alliance of Rouge Communities. The grant provided over 100 trees which were planted throughout the city by the Forestry Division. In August of 2012, Parks & Recreation was instrumental in securing a \$142,500 Rouge River National Wet Weather Demonstration Project grant from the Environmental Protection Agency to install a permeable pavement parking area and storm water management features at Inglenook Park. The improvement project is planned for completion in spring of 2014.

Consistent with sound principles of municipal finance, the City continues to invest in infrastructure major maintenance and improvement projects, while closely limiting daily operating costs to earmark resources for capital project funding. City leaders keep the long-range sustainability of the City as an important priority. Working in conjunction with the Southfield Police Department, the Parks & Recreation Department was able to secure federal grant funds to purchase and install motion-activated security cameras at seven of the city's parks to help deter vandalism and trespassing. The solar powered, motion-activated cameras were mounted 15 to 18 feet in the air in order to gain a better perspective and limit tampering with the cameras. A grant from the Michigan Municipal Risk Management Authority totaling \$20,745 was also obtained to further offset the cost for the cameras and installation.

The Burgh Historical Park was the site of 20 weddings throughout the spring and summer in addition to numerous showers and other gatherings. The beautiful gardens, outdoor gazebo, and new Thomas N. Frommeyer Gardens and courtyard at The Burgh offer guests a unique, relaxing and beautiful setting for any special occasion. The Mary Thompson Farmhouse was restored as a museum and is now home to the Southfield Historical Society. The Senior Gardens at the Mary Thompson Farm provide plots to close to 100 enthusiastic gardeners who offer tours to schools and scouting groups. An additional 55 people are on the waiting list for a garden plot as they become available.

In addition to the many P&R classes, activities and facilities, the department also sponsors several special events for the community. In January 2013, Parks & Recreation celebrated its 27th Daddy-Daughter Dinner Dance with almost 500 young ladies and their special guests. In 2013, P&R introduced the Winter Escape Family Movie Night in February that was so popular it was brought back as the Return Engagement Family Movie Night in April. The Department also worked extensively with the Southfield Police and Fire Departments to create events such as the Family Fun and Safety Night and Movie Under the Stars in June with almost 5,000 residents in attendance. Working with the City Centre Advisory

City of Southfield

Letter of Transmittal

Board, the Parks & Recreation Department was also able to offer another season of the Eat to the Beat lunchtime concerts at the City Centre. These concerts give area business people a chance to experience a relaxing lunch outdoors while enjoying quality, area musical acts once a month. The weekly Burgh Gazebo Concert series also continued to play to large audiences at the Burgh Historical Park.

The Parks & Recreation partnered with Park*It Family Fun Nights to offer a free evening of fun for the whole family including live music, inflatables, face painting and the movie Kung Fu Panda 2. The Department also introduced the Sips & Sounds Wine Tasting event in November 2012 to expand offerings to the surrounding business community. The event featured appetizers, a sampling of 10 wines with a focus on Michigan wines, and with live music. Over 200 young adults were in attendance thanks to extensive publicity generated by the Community Relations Department, City Centre Advisory Board and a Groupon offer.

Approximately 2,300 children participated in one of Southfield P&R's several summer camps throughout the summer of 2012. Camps Tadpole (ages 5-6 years), Wildwood (ages 7-8 years) and Evergreen (ages 9-12 years) were held at the Civic Center Complex, while Camp Kaleidoscope (ages 5-12 years) was held at the Beech Woods Recreation Center. Almost 140 children took part in the department's Winter Break and Spring Break Travel Camps as well.

The Department offers many programs for disabled athletes including the Miracle League, a baseball program played on a specialized field allowing for the use of wheelchairs and other walking devices, and the Jr. Michigan Thunderbirds Wheelchair Basketball program. The department's Special Forces activity group for individuals with cognitive impairments began a new Gardening Club in cooperation with Southfield Lathrup High School. The program allowed participants to learn about the growing process from seed to plant in the refurbished school greenhouse along with support from the school's Master Gardener. The program was a big success thanks to donations from area businesses of gardening supplies.

The Suburban Mobility Authority for Regional Transportation (SMART) and the Parks & Recreation Department provided on average 668 trips per month for people needing transportation to doctors' offices, medical appointments, banking, grocery shopping, and daytrips in fiscal year 2012-13 through the TOSS program. TOSS (Transportation of Southfield Seniors) is a program that helps Southfield seniors maintain their independence without a car. The program receives funding from a number of sources such as SMART, Community Block Grant, Providence Hospital, Beaumont Hospital and Comerica Bank.

The Southfield Public Library continues to serve the community by providing unparalleled services, resources, programs and numerous public meeting spaces. The Southfield Public Library is a state-of-the-art facility that on average receives over 2,000 visitors daily. During these difficult economic times, the Library has grown in importance as a source of information and entertainment for families who increasingly find themselves with often limited resources. The Southfield Public Library's many amenities include two computer labs; a sophisticated computer network with hundreds of data drops and Wi-Fi (Wireless Internet) access; numerous meeting rooms; two auditoriums; 16 group study rooms; three outdoor terraces; fireplaces on each level; the Bookends Café; and stunning architectural and interior design. The Southfield Public Library also offers several computer classes monthly, ranging from

City of Southfield

Letter of Transmittal

Computer Fundamentals to Microsoft Office software training for people at all levels of computer literacy. Additionally, the Library recently completed the renovation of the youth room, added new early literacy computer stations, expanded shelving in the picture book collection and young adult areas.

The Southfield Public Library also continues to offer residents innovative programming, including the Genealogy Lock-In which allowed participants uninterrupted access to the library's genealogical resources as well as the assistance of Library staff, and Reading with Kassie – a program that helps children improve their reading skills by reading aloud to Kassie the therapy dog. The Library's annual Battle of the Books programs continue to be very popular, with over 450 students from 23 different schools and numerous coaches participating in 2013. Several other library programs such as the Jazz & Blues series, Poetry, Pages & Scribes and the Local Author Book Fairs also continue to be very popular. In fiscal year 2012-13, 642,000 items were checked out to patrons; over 22,000 new items were added to the collection; 17,500 items were processed for MelCat inter-library loan; and more than 7,800 new library cards were issued.

Southfield remains a model of multiculturalism as the home to large concentrations of African-American, Armenian, Chaldean (Catholic Iraqi), Jewish, Korean, and Russian Orthodox residents. Southfield is one of the most diverse communities in Michigan, and perhaps the Midwest. Its large international business population, including significant numbers of Asian, Middle Eastern, African and European businesses, helps position it as a cosmopolitan center. Japanese businesses are prominent in the community, over 50 in total, including the North American headquarters of Denso International, Toyota Industries, Panasonic Automotive Electronics, Mitsubishi International and Mitsui & Co., among others. Southfield is also the corporate home of Wagon Engineering, an English-based division of Wagon Automotive; as well as Autoliv Electronics America, a Swedish corporation; and ThyssenKrupp, a German steel conglomerate.

Southfield's many diverse cultures are supported by educational institutions, chambers of commerce, foreign trade offices and others, including Language Center International, American Academy of International Education, Dr. Martin Luther King, Jr. Task Force Committee, Focus on American and Arab Interests & Relations, French American Chamber of Commerce, Michigan Hispanic Chamber of Commerce, Philippine American Community, Korea Trade Center, Japan Business Society of Detroit and Trade Commission of Mexico. Southfield's elected leadership is equally diverse and helps assure Southfield remains a nationally-recognized multicultural model.

An international city bustling with people from a rich array of cultural, ethnic and religious backgrounds, Southfield's most recognizable landmarks include the gold-domed St. John's Armenian Church and the striking Congregation Shaarey Zedek, among the most beautiful examples of religious architecture in Michigan. The distinctive gold and black towers of the Southfield Town Center, Southfield's signature landmark, are home to many of the international firms in the community. Experiencing this multicultural environment makes youth and adults alike more at ease in the global village of the 21st Century, knowledgeable about cultures, customs and traditions worldwide, while promoting harmony and understanding among people of all backgrounds and heritages.

City of Southfield

Letter of Transmittal

Southfield's modern infrastructure, diverse mix of residential and business cultures, focus on beautification and appearance, and excellent City services have created a statewide model of a successful community that has helped to provide a solid foundation for the City's continued long-term sustainability. Through careful strategic planning, City Council and Administration have adhered to the City's budget plan while developing a road map to ensure the City's long-term financial future. City leaders continue to maintain a constant focus on providing quality city services while doing so with reduced revenues and unprecedented declines in property values, state shared revenues and state road funding (Act 51). Despite these major challenges, the City of Southfield stands ready to serve as a leader in the economic comeback of this region and the State of Michigan.

The information and analysis presented in the following pages reflect the City's commitment to high standards of financial reporting and to Southfield's future vitality. Appreciation is extended to the elected officials, department heads and other employees responsible for contributing to the City's sound financial position. Southfield is blessed with individuals who appreciate and respect principles of fiscal restraint and propriety, enabling the City to successfully address economic challenges. In particular, we acknowledge the special efforts of the fiscal services employees who contributed to the development of this report. The continuing support of Southfield's elected officials, who remain committed to fiscal integrity and financial leadership, is particularly appreciated.

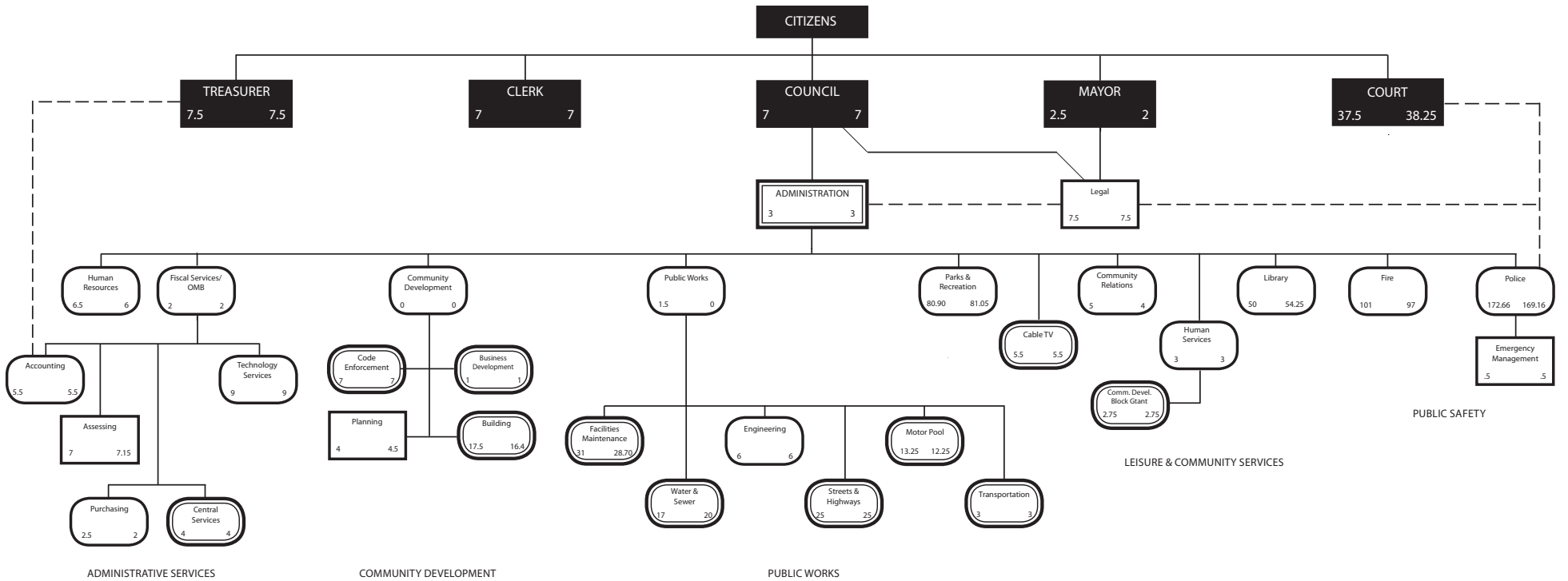
Respectfully submitted,



Frederick E. Zorn, Jr., CEcD
Acting City Administrator

(This page left intentionally blank.)

Organizational Chart



Number to left of department gives 2011-12 filled positions;
 number to right gives 2012-13 complement.

Approved Total 2011-12: 656.06
 Approved Total 2012-13: 648.96

KEY TO SYMBOLS

- Elected officials
- Appointed by Council
- Head appointed by Mayor with confirmation by Council
- Head appointed by Administrative Civil Service Commission
- Head appointed by Administrator with confirmation by Council
- Line of command and/or policy coordination
- Related function, or serves in conjunction with

CITY OF SOUTHFIELD, MICHIGAN

June 30, 2013

-MAYOR-

Brenda L. Lawrence

-CITY COUNCIL-

Kenson J. Siver, President

Sylvia Jordan, President Pro Tem

Donald F. Fracassi

Myron A. Frasier

Sidney Lantz

Jeremy Moss

Joan Seymour

-CITY CLERK-

Nancy L. M. Banks

-CITY TREASURER-

Irv M. Lowenberg

-CITY ADMINISTRATOR-

James G. Scharret

(This page left intentionally blank.)

Independent Auditor's Report

To the City Council
City of Southfield, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Southfield (the "City") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Southfield's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Southfield as of June 30, 2013 and the respective changes in its financial position and, where applicable, cash flows, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1E to the basic financial statements, the July 1, 2012 net position has been restated to recognize prior OPEB contributions reimbursed from the Police and Fire Retirement System as well as from the Retiree Health Care Trust. Our opinion is not modified with respect to this matter.

As discussed in Note 1E to the basic financial statements, in the fiscal year ended June 30, 2013, the City adopted new accounting guidance, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - An Amendment of GASB Statements No. 14 and No. 34*, which resulted in a change in the reporting entity. Our opinion is not modified with respect to this matter.

To the City Council
City of Southfield, Michigan

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, retirement system schedules of funding progress, and the budgetary comparison schedules for the General Fund and each major special revenue fund as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Southfield's basic financial statements. The other supplemental information, as identified in the table of contents, and introductory section and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other supplemental information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section, as identified in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them. The City has included most, but not all, of the information required by GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2014, on our consideration of the City of Southfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Southfield's internal control over financial reporting and compliance.

Plante & Moran, PLLC

February 18, 2014

City of Southfield

Management's Discussion and Analysis

The following is a discussion and analysis of the City of Southfield's (the City's) financial performance, providing an overview of the activities for the fiscal year ending June 30, 2013. This analysis should be read in conjunction with the transmittal letter, beginning on page 1 of this report, and with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-Wide:

- Net position (excluding component units) decreased by \$2.5 million from \$221.5 million to \$224.0 million.
- Governmental activities net position decreased by \$1.8 million to \$135.9 million.
- Business-type activities net position increased by \$4.3 million to \$88.1 million.

Fund Level:

- At the close of the fiscal year, the City's governmental funds reported combined ending fund balance of \$43.6 million, with \$1.2 million being non-spendable, \$21.4 million being restricted, \$13.2 million being committed for specific purposes and \$7.8 million being allocated between assigned or unassigned.
- The fiscal year 2013 governmental funds combined ending fund balance reflects an increase of \$4.0 million from the prior fiscal year. This combined increase, however, is made up of an increase in the General Fund ending balance of \$3.4 million, a decrease in the Local streets fund ending balance of \$1.9 million, an increase of \$.8 million in the Cable television fund, an increase in the Drains-at-large fund of \$.6 million and an increase in the Capital improvement fund of \$1.0 million. The rest of the change is spread out amongst the various other governmental funds.
- The increase in the General Fund balance was due to its fiscally responsible stance of not filling vacancies which garnered considerable savings from departments and its conservative revenue projections. The Local streets fund balance decrease was due to an operating transfer of \$2.3 million to Major streets with offsetting savings from lower than projected expenditures. The Cable television fund's increase is due to the City's commitment to apply fiscal restraint to all funds even those with stable revenue sources. The increase in the Drains-at-large fund balance was derived with the one-time use of balances held at Oakland County and increasing the tax levy in order to eliminate last year's deficit. The increase in the Capital improvement fund was derived from an operating transfer to accelerated loan payments of \$1.0 million.

Capital and Long-term Debt Activities:

- The City's statutorily authorized debt limit excluding revenue, emergency and special assessment bonds is \$266.7 million. The City is \$231.0 million below this authorized debt limit.

City of Southfield

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report of the City consists of the following components: 1) An Introductory Section which includes the Transmittal Letter; 2) A Financial Section which includes the Auditor's Report, the Management Discussion and Analysis, the Basic Financial Statements (Government-Wide financial statements, Fund financial statements, Notes to the Financial Statements), Required Supplementary Information such as a budget to actual comparison for the General Fund, additional non-required information including Combining financial statements for all Non-Major Governmental funds and Proprietary funds; and 3) A Statistical Section.

Government-Wide Financial Statements

The set of basic financial statements includes the Statement of Net Position and the Statement of Activities, which report information about the City as a whole, and about its activities. These statements help the reader to determine if the City of Southfield, in its entirety, is better or worse off as a result of this fiscal year's activities. These statements, which include all non-fiduciary assets and liabilities, are reported on the accrual basis of accounting, similar to a private business. This means revenues are accounted for when they are earned and expenses are accounted for when an obligation is incurred; regardless of when the actual cash is received or disbursed.

The Statement of Net Position presents the City's assets and liabilities, recording the difference between the two as "net position". Over time, increases or decreases in net position measure whether the City's financial position is improving or declining.

The Statement of Activities presents information showing the City's net position change during fiscal year 2013. All changes in net position are reported based on the period during which the underlying events giving rise to the change occurred, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee annual leave.

Both statements report the following activities:

Governmental Activities - Taxes, charges for services, and intergovernmental revenue primarily fund these services. Most of the City's departments and operations are reported under these activities.

Business-Type Activities - These activities operate like private-sector businesses. The City's Water and sewer fund charges fees to recover the cost of the services provided.

City of Southfield

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Discretely Presented Component Units - Component units are legally separate organizations for which the City Council appoints a majority of the organization's policy board and there is a degree of financial accountability to the City. Eight discretely presented component units are included: the Local development finance authority, the Tax increment finance authority, the Economic development corporation, the Cornerstone development authority, the Brownfield re-development authority, Joint-local development finance authority, Section 8 housing commission and the Southfield growth corporation.

As stated previously, the government-wide statements report on an accrual basis of accounting. However, the governmental funds report on a modified accrual basis. Under modified accrual accounting, revenues are recognized when they are available to pay obligations of the fiscal period, expenditures are recognized when they are due.

Because of the different basis of accounting between the fund statements (described below) and the government-wide statements the City presents reconciliations between the two statement types. The following summarizes the impact of transitioning from modified accrual to full accrual accounting:

Capital assets used in government activities and depreciation expense are not reported on the government fund financial statements, however depreciation expense is reported on the government-wide statements. Capital outlay spending results as capital assets on the government-wide statements and are reported as expenditures on the government fund financial statements.

Internal service funds are reported as governmental activities on the government-wide statements, but are reported as proprietary funds on the fund financial statements.

Long-term contingencies, such as reserves for sick and annual leave (compensated absences, etc.), appear as liabilities on the government-wide statements; however they will not appear on the fund statements unless current resources are used to pay a specific obligation. Bond and loan proceeds are reported as liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund financial statements.

In addition, it should be noted that the government-wide financial statements include the net value of the City's assets such as land, buildings and furniture and fixtures. These values are not included in the Fund financial statements.

Fund Financial Statements

The fund financial statements provide information on the City's significant funds - as a whole. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

City of Southfield

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

A fund is a fiscal and accounting entity with a self-balancing set of accounts that is used to keep track of specific sources of funding and spending for a particular purpose. Funds are also utilized to track specific operations; these include the internal services funds (e.g., Motor pool, Equipment revolving, etc.) as well as the Water and sewer enterprise fund.

The basic financial statements only report major funds separately as defined by the Government Accounting Standards Board (GASB). All other funds are classified as non-major funds. Detailed information on non-major funds can be found in other sections of this report.

The City's funds are divided into three categories - governmental, proprietary, and fiduciary - and use different accounting approaches:

Governmental Funds – Basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year, and how the balances left at year-end are available for spending on future services. Consequently, the Governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance programs. These funds are reported using the modified accrual basis of accounting as described above. Because this basis of accounting differs from the government-wide statements, additional information is provided reconciling the government fund statements to the government-wide statements. Governmental funds include the General Fund, as well as Special revenue funds, Capital projects funds and Debt service funds.

Proprietary Funds – Funds with a focus on operating income and cost recovery are reported in proprietary funds. Proprietary funds use the accrual basis of accounting used in the government-wide statements and by private business. There are two types of proprietary funds. Enterprise funds report activities that provide supplies and services to the general public. The Water and sewer fund is the City's only enterprise fund. Internal service funds report activities that provide supplies and service to the City's other operations. Internal service funds, such as the Motor pool fund, are reported as governmental activities on the government-wide statements.

Fiduciary Funds – The City acts as a trustee or fiduciary for its employee pension plans. It is also responsible for other assets that, because of trust arrangements, can only be used for the trust beneficiaries. The City's fiduciary activities are reported in separate statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These funds, which include pension, other post-employment benefits and agency, are reported using the accrual basis of accounting. The government-wide statements exclude the fiduciary fund activities and balances because these assets are not available to fund current operations.

City of Southfield

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Notes to the Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements.

Required Supplementary Information

Following the basic financial statements is additional Required Supplementary Information (RSI) which further explains and supports the information in the financial statements. RSI includes a budgetary comparison schedule for the General Fund, the major and non-major governmental funds as well as pension trend data.

Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental, proprietary, and fiduciary funds. These funds are added together, by fund type, and are presented in single columns in the basic financial statements, but are not reported individually, as are the major funds, on the government-wide statements.

FINANCIAL ANALYSIS

As previously stated, the City's combined net position decreased by \$2.5 million over the course of this fiscal year's operations. The position of the governmental activities decreased in the amount of \$1.8 million; the net position of the business-type activities increased by \$4.3 million.

The following is a condensed Statement of Net Position for the period ending June 30, 2013:

	Net Position					
	June 30, 2013					
	(in millions of dollars)					
	Governmental		Business-Type		Total Primary	
	Activities		Activities		Government	
	2013	2012	2013	2012	2013	2012
ASSETS						
Current and other assets	\$ 90.1	\$ 83.9	\$ 49.4	\$ 45.5	\$ 139.5	\$ 129.4
Capital assets	134.6	138.5	62.8	62.3	197.4	200.8
Other long term assets	2.7	1.6			2.7	1.6
Total assets	<u>227.4</u>	<u>224.0</u>	<u>112.2</u>	<u>107.8</u>	<u>339.6</u>	<u>331.8</u>
LIABILITIES						
Current liabilities	9.7	9.1	6.3	4.5	16.0	13.6
Other liabilities	81.8	77.2	17.8	19.5	99.6	96.7
Total liabilities	<u>91.5</u>	<u>86.3</u>	<u>24.1</u>	<u>24.0</u>	<u>115.6</u>	<u>110.3</u>
NET POSITION						
Net investment in capital assets	91.6	93.4	45.4	42.9	137.0	136.3
Restricted	24.8	25.7			24.8	25.7
Unrestricted	19.5	18.6	42.7	40.9	62.2	59.5
Total Net Position	<u>\$ 135.9</u>	<u>\$ 137.7</u>	<u>\$ 88.1</u>	<u>\$ 83.8</u>	<u>\$ 224.0</u>	<u>\$ 221.5</u>

City of Southfield

Management's Discussion and Analysis

FINANCIAL ANALYSIS (continued)

The following is a condensed representation of financial information using the government-wide statement of activities and reflects the changes in the City's net position during the fiscal year:

Changes in Net Position for the fiscal year ending June 30, 2013 (in millions of dollars)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
REVENUES						
Program revenues						
Charges for services	\$ 18.3	\$ 18.0	\$ 38.2	\$ 38.0	\$ 56.5	\$ 56.0
Grants and contributions	10.2	10.8	0.1	0.2	10.3	11.0
General revenues						
Property taxes	59.5	60.7	0.0		59.5	60.7
Unrestricted state shared	6.2	6.0	0.0		6.2	6.0
Unrestricted investment earnings (loss)	0.3	0.6	(0.1)	0.4	0.2	1.0
Other	0.6	1.8	0.0	0.2	0.6	2.0
Total revenues	<u>95.1</u>	<u>97.9</u>	<u>38.2</u>	<u>38.8</u>	<u>133.3</u>	<u>136.7</u>
EXPENSES						
General government	13.5	14.2			13.5	14.2
Public safety	49.9	41.7			49.9	41.7
Highway and streets	10.0	9.8			10.0	9.8
Public services	1.5	1.4			1.5	1.4
Sanitation	3.0	3.1			3.0	3.1
Community improvement	0.4	0.4			0.4	0.4
Social services	2.6	2.9			2.6	2.9
Culture and recreation	14.8	15.4			14.8	15.4
Water and sewer			32.9	31.3	32.9	31.3
Interest on long term debt	2.2	2.2			2.2	2.2
Total expenses	<u>97.9</u>	<u>91.1</u>	<u>32.9</u>	<u>31.3</u>	<u>130.8</u>	<u>122.4</u>
Excess (deficiency) before transfers	(2.8)	6.8	5.3	7.5	2.5	14.3
Transfers in	1.0	0.1			1.0	0.1
Transfers out			(1.0)	(0.1)	(1.0)	(0.1)
Increase (decrease) in net position	<u>(1.8)</u>	<u>6.9</u>	<u>4.3</u>	<u>7.4</u>	<u>2.5</u>	<u>14.3</u>
Beginning net position, as restated	<u>137.7</u>	<u>130.8</u>	<u>83.8</u>	<u>76.4</u>	<u>221.5</u>	<u>207.2</u>
Ending net position	<u>\$ 135.9</u>	<u>\$ 137.7</u>	<u>\$ 88.1</u>	<u>\$ 83.8</u>	<u>\$ 224.0</u>	<u>\$ 221.5</u>

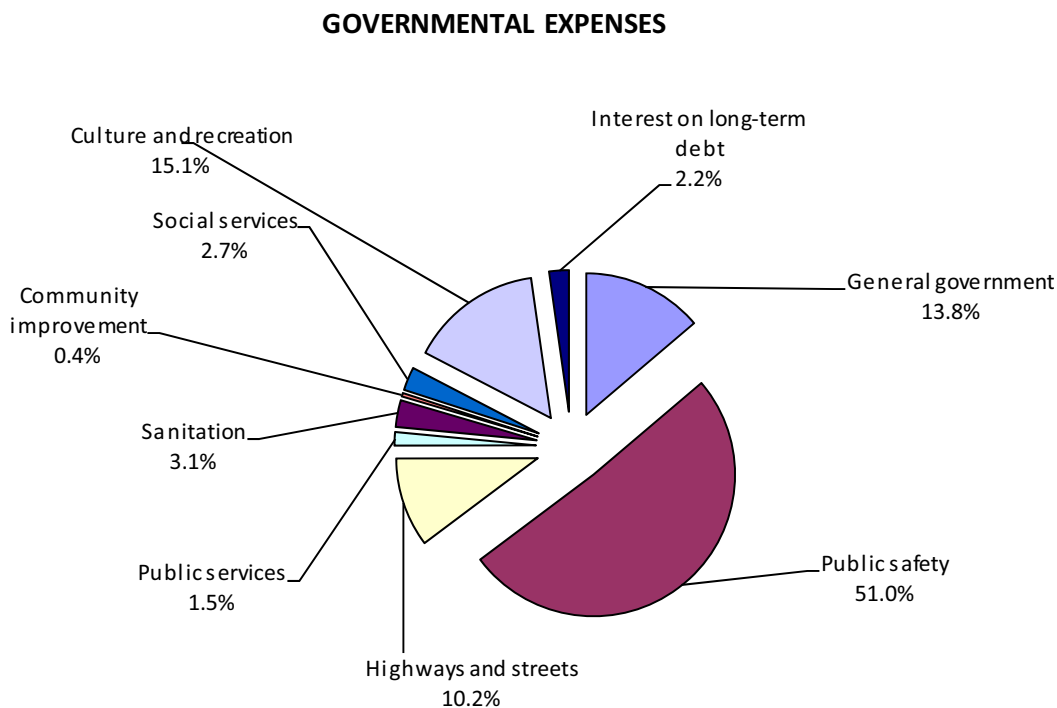
City of Southfield

Management’s Discussion and Analysis

FINANCIAL ANALYSIS (continued)

The result of 2013 fiscal year’s governmental activity was a decrease of \$1.8 million and an ending net position balance of \$135.9 million. Of this total, \$91.6 million is the net investment in capital assets, \$24.8 million is reported as restricted, meaning these assets are legally committed for a specific purpose through statute or by another authority outside the government. The balance of \$19.5 million is listed as unrestricted, having no legal commitment.

The following chart depicts expenses of the governmental activities for the fiscal year:



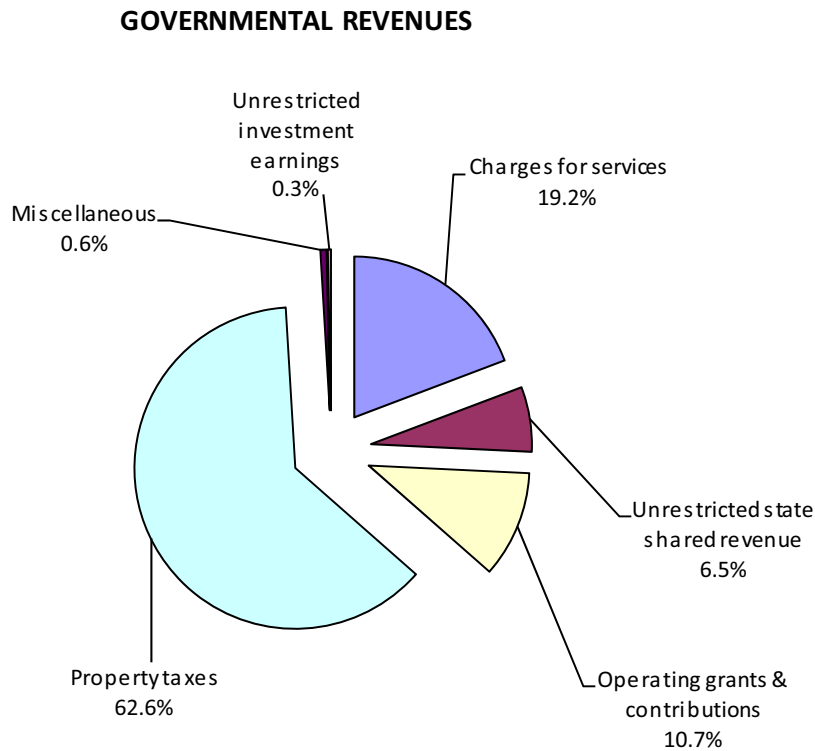
Governmental activity expenses for the fiscal year increased by \$6.8 million. Public safety is the largest governmental activity, expending \$49.9 million of the governmental activities total expenses of \$97.9 million. It comprises 51.0% of total governmental expenses. This activity increased by \$8.2 million. Cultural and recreation is the second largest governmental activity with total expenses of \$14.8 million, expending 15.1% of total governmental expenses. This activity decreased by \$.8 million. General government is the third largest governmental activity with a total expense of \$13.5 million, expending 13.8% of total governmental expenses. This activity increased by \$.7 million. The main reasons for the increase in public safety were the lifting of the hiring freeze for the Fire department due to the receipt of the SAFER grant and increased pension and post-retirement health care costs. These three categories comprised 79.9% of total governmental activity expenses.

City of Southfield

Management's Discussion and Analysis

FINANCIAL ANALYSIS (continued)

The following chart depicts revenues of the governmental activities for the fiscal year:



In total, governmental revenue collections had a net decrease in fiscal year 2013 by \$2.7 million. This decrease is primarily derived from a \$1.2 million decrease in property taxes and a \$1.2 million decrease in other general revenues. Property tax revenue is the largest source of support for the governmental activities. The City's millage rate is 24.5011 mills. Property tax revenue generated \$59.5 million in 2013. It represented 62.6% of all available sources of revenue. Charges for services comprise the second largest source of governmental activity revenue. It represented 19.2% of all available sources of revenue for governmental activities. This source increased by \$.3 million. Unrestricted state shared revenues, which are constitutionally and statutorily provided by the State of Michigan, represented 6.5% of all available sources of revenue and increased \$.2 million. The Grants and contributions figure represents 10.7% of all available sources of revenue \$.6 million. Over 99.1% of the governmental activities are supported by these four revenue sources.

City of Southfield

Management's Discussion and Analysis

FINANCIAL ANALYSIS (continued)

Business-Type Activities:

The net position for business-type activities increased by \$4.3 million during fiscal year 2013. Overall charges for services increased marginally from 2012 by \$.2 million. Operating expenses increased by \$1.6 million or 5.1%.

Of the total \$88.1 million of net position in the business type activities, \$42.7 million is reported as unrestricted.

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

General Fund

The General Fund is the central operating fund of the City of Southfield. Unless otherwise required by statute, contractual agreement or policy, all revenues and expenditures are recorded in the General Fund. As of June 30, 2013 the General Fund reported a fund balance of \$16.5 million. This amount is an increase of \$3.4 million from the prior June 30. Of the total fund balance, \$1.1 million is non-spendable, \$1.7 million is restricted, \$9.4 million is committed and \$4.3 being allocated between assigned or unassigned.

General Fund Budgetary Highlights:

The General Fund revenue budget was adjusted for bond proceeds in the amount of \$3.4 million, \$.9 million for the SAFER grant and \$.4 million from an operating transfer during fiscal year 2013, with a final budget amount of \$63.4 million. General Fund revenue totaled \$65.5 million. Property tax revenues exceeded budget projections by \$.9 million due to cautious estimates. Intergovernmental state revenues were greater than budgeted by \$.8 million due to cautious budget projections regarding anticipated changes to the state shared revenue allocation. Charges for services and Fines and forfeitures both exceeded budget projections by \$.1 million and \$.3 million respectively.

The General Fund expenditure budget was increased for the payment to escrow fund for refunding in the amount of \$3.4 million, \$.9 million for the expenditures relating to the SAFER grant and \$.4 million land acquisition costs during fiscal year 2013 to a final budget of \$66.3 million. Actual expenditures for fiscal year 2013 were \$62.4 million which was \$3.9 million under budget.

In summary, the fiscal year 2013 final amended budget anticipated using \$2.6 million of prior year's fund balance. The actual net change in fund balance was an increase of \$3.4 million; greatly outperforming original projections.

City of Southfield

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS (continued)

Local Streets Fund

The Local streets fund is a special revenue fund used to account for financial resources which are specifically earmarked for roads primarily in the residential community. As of June 30, 2013, the fund reported a fund balance of \$2.0 million. This amount reflects a decrease of \$1.9 million from the prior June 30. The funds final budget anticipated a decrease of \$3.6 million in fund balance. The funds final revenue budget totaled \$3.7 million. Actual revenues totaled \$3.9 million which marginally exceeded this projection. The funds final expenditure budget totaled \$5.0 million. Actual expenditures totaled \$3.5 million, \$1.5 million below projections. This was achieved through savings due to holding vacancies open resulting in less maintenance and appearance expenditures and less than anticipated snowfall.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At the end of Fiscal Year 2013, the City of Southfield had invested \$197.4 million, net of accumulated depreciation, in a broad range of capital assets. This reflects a decrease of \$3.4 million from 2012. Refer to Note 3C for additional capital asset information.

Long Term Debt – At the end of 2013, the City of Southfield had \$60.4 million in bonds outstanding. The amount of bonds with limited taxing authority in 2013 is \$28.8 million. A more detailed depiction of the City's long-term debt obligations is presented in Note 3D to the financial statements.

Bond Ratings – The City's unlimited and limited tax general obligation bond rating from Standard and Poor's is AA. Moody's Investors Services rating for the City's unlimited tax general obligation bonds is Aa2, and its limited tax general obligation bond rating is Aa3.

ECONOMIC OUTLOOK

The economic challenges facing the City of Southfield in the foreseeable future are among the most difficult in the City's 55-year history. The elements include:

- June 2013 state unemployment, at 9.4%, remains in the upper one-third of the 50 states with the US average standing at 7.6%.
- The meltdown of the financial sector and the foreclosure crisis.
- State shared revenues (the largest single source of General Fund revenues after property taxes) have been steadily declining in recent years. The budget for this source peaked at \$9.8 million in fiscal 2001-02, versus \$5.3 million anticipated for 2013-14. This represents a decline of \$4.5 million or 46% over the eleven-year period.

City of Southfield

Management's Discussion and Analysis

ECONOMIC OUTLOOK (continued)

- State monies for road repair and reconstruction, along with county and state resources to maintain their roads that are within the City of Southfield, are anticipated to be severely limited. This is a reflection of stagnant general economic conditions, state budgetary challenges, and the fact that the revenue base is primarily dependent on gas and weight tax receipts; which, in turn, are a reflection of the general economy and the increased fuel efficiency of newer commercial and passenger vehicles.
- Pressure on pension funding requirements which are a reflection of investment income and volatile stock market performance.
- We are levying our Charter maximum millage levels. There is no room within current millage allocations to produce increased revenues.
- Unprecedented decline in property tax valuations and receipts complicated by legal restrictions (Proposal A): In the entire history of the City, we have never had a decline in property tax valuations of more than 1.6%. In fact, only two years of the City's 51-year history, prior to 2009-10, reflect a decline—1.6% in 1983-84 and 0.6% in 1994-95. Yet, the tax base decreased 3.0% in 2009-10, 14.5% in 2010-11, and 13.02% in 2011-12. It must be noted that under Proposal A there is no limit to how far the tax base can fall, but comeback power of the governmental unit is severely limited by the annual growth limitation in the taxable value of existing real property—the lesser of 5% or the rate of inflation. Ultimately, this provides only three options to the local unit: a) resort to unacceptable use of one-time reserves until they are exhausted; b) ask the public for a millage increase after just having been granted one in a special election on May 3, 2011; or c) reduce the size and cost of government. The City of Southfield must adhere to option (c): the most disciplined, realistic, and respectful approach to the public dollar.

Policy strengths and resources to meet these challenges include:

- The City has an established tradition of fiscal responsibility, proper budgetary practices, and consistent maintenance of reasonable reserves.
- The City has a proven capacity to handle fiscal challenges. Successful adherence to the 5-Year Fund Balance Stabilization Plan, covering the period 2004-05 through 2008-09, provides proof of that capacity. While the goal of the Plan was to end the 5-year period with a fund balance of at least \$8.0 million or approximately 12% of the subsequent year's budget, final audited results prove that we have exceeded the goal by a substantial margin. Given the challenges likely to be facing the City in the near future (unprecedented double-digit declines in the tax base), these reserves will be needed to sustain even the most essential of the core services. Thus, the leadership of the City is to be commended for their foresight in staying the course and preparing the municipality for even tougher times ahead; however, current reserves alone cannot sustain current service levels long-term.
- We have established the fact that we can do more with less and have the will and determination to size this municipal government to the resources available. Over the last six years, we have reduced the workforce by some 200 positions or nearly 25%, by attrition.

City of Southfield

Management's Discussion and Analysis

ECONOMIC OUTLOOK (continued)

- We have a proven capacity to reduce costs, enhance productivity, and engage the cooperation of employees, as demonstrated by the constrained labor contracts achieved in recent years.
- A proven commitment to investments in technology for improved financial controls and reporting, as well as enhanced city-wide operational efficiencies is evident. The City's adaptable and continuously improving financial system was fully amortized in 2005-06, paving the way for solid budgetary monitoring and cost controls for years to come. Investment in improved road maintenance equipment and preventive maintenance strategies will allow us to maintain the appearance and functionality of the City through tough times. The continuous exploration of the potential for improved efficiency and effectiveness, through the optimum application of emerging/but proven technology, is a strong policy theme of the Mayor and City Council.
- Tax base focus is clearly demonstrable. The City of Southfield is resolutely committed to the maintenance and improvement of the tax base. Code and appearance issues get top priority attention, as exemplified by our 24/7 hotline (796-EYES) which encourages citizen input on any code or appearance issue at any time. The Code Enforcement and Community Appearance operation works on a seven-day-per week schedule to address concerns and monitor progress. Our widely recognized model approach for maintaining the appearance and physical integrity of vacant or foreclosed properties offers yet another example of the City's commitment to the tax base, strong neighborhoods, and attractive community appearance.

The business community, comprising 65% of the tax base, is served by the business retention and expansion efforts of the City's business development team. The City has earned the designation of "development ready" and provides a whole host of services aimed at attracting and facilitating quality development and redevelopment projects. The Spring Haven Brownfield project has received national recognition from the National League of Cities, as an example of aggressive and creative redevelopment of a formerly underdeveloped and environmentally challenged site to a much higher use.

In October of 2007, the City of Southfield was recognized by Forbes as Metro Detroit's "most livable" community. The desirable blending of the business and residential components of the City was a significant factor in receiving that designation.

- The City maximizes grant funding opportunities. Since 2004-05, grant funding has more than doubled from \$3.5 million in 2004-05 to \$7.7 million in the 2013-14 approved budget. This increase includes \$3.3 million, or 106%, in Career Center grant funding for job training and placement, from \$1.6 million in 2004-05 to \$3.3 million in the approved 2013-14 budget. The Career Center grant funding success is a demonstration of our commitment to the economic viability of the region. Though a substantial portion of this grant funding provides direct services to Southfield residents, the Career Center's services are regional in scope and widely recognized—within the state of Michigan and beyond—for performance excellence.

City of Southfield

Management's Discussion and Analysis

ECONOMIC OUTLOOK (continued)

To help fight the effects of the great recession, the City has been awarded a total of \$4.6 million in federal funds for our Neighborhood stabilization program to address the residential foreclosure problem that has gripped the nation. We are attacking this problem on many fronts with the aim of stabilizing the City's neighborhoods and eliminating these vacancies, one-by-one, by providing a helping hand (not a handout) to responsible prospective homeowners who will not only occupy these vacant homes but will also invest in improvements to the property. Our unique program has been designed to leverage the grant award to provide the absolute maximum benefit to the Southfield community and to serve as a model for the proper stewardship of these federal funds on a local level.

In addition to these operating grants, we continue to maximize our grant funding opportunities for capital projects (e.g. Streets and highway, Water and sewer, and facilities related projects). We remain "shovel ready" in the vernacular of the federal and state granting authorities, administrative ready, and fully prepared to qualify for grant funding where appropriate and in the best interests of the City.

The magnitude of the economic challenges facing the City of Southfield in the immediate future is great. Yet, past actions taken to maintain or enhance our current financial position, together with the ongoing commitment of the leadership team to the fiscal integrity of the City, will prove more than sufficient to meet these challenges.

CONTACTING THE CITY'S FISCAL SERVICES DIVISION

This financial report is designed to provide our residential and corporate taxpayers, investors, creditors, and any other interested parties with a general overview of the City's accountability for the financial resources under its purview and to demonstrate the City's commitment to proper standards of financial reporting. If there are questions about this report, or further information is needed, please contact James B. Pierce, City Controller, at (248) 796-5212.

(This page left intentionally blank.)

City of Southfield
Government-Wide Statement of Net Position
June 30, 2013

	Primary Government			Governmental
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents (Note 3A)	\$ 61,252,274	\$ 17,815,722	\$ 79,067,996	\$ 10,412,575
Investments (Note 3A)	15,580,825	17,931,288	33,512,113	3,139,604
Receivables, net (Note 3B)	7,681,110	13,296,335	20,977,445	287,923
Property investments				903,174
Prepays	946,894	25,897	972,791	844
Internal balances (Note 3E)	86,343	(86,343)	-	
Due from primary government				663,511
Due from component units	224,378		224,378	2,900
Due from other governmental units	729,127		729,127	
Inventory	688,507	485,968	1,174,475	
Restricted assets: (Note 3A)				
Cash and cash equivalents	2,959,447		2,959,447	
Long-term advances to component units	2,735,468		2,735,468	
Capital assets: (Note 3C)				
Non-depreciable	14,587,013	3,800,130	18,387,143	
Depreciable-net	119,977,177	59,013,232	178,990,409	245,186
Total assets	<u>227,448,563</u>	<u>112,282,229</u>	<u>339,730,792</u>	<u>15,655,717</u>
LIABILITIES				
Accounts payable and other current liabilities	6,757,592	6,166,655	12,924,247	214,227
Interest payable	411,363	105,466	516,829	
Insurance payable	712,950		712,950	
Workers' compensation payable	980,673		980,673	
Due to primary government				224,378
Due to component units	663,511		663,511	2,900
Due to other governmental units				1,479,688
Long-term advances from primary government				2,735,468
Unearned revenue (Note 3B)	230,975		230,975	
Noncurrent liabilities: (Note 3D)				
Due within one year	6,101,231	2,084,541	8,185,772	
Due in more than one year	46,090,662	15,492,456	61,583,118	45,502
Net OPEB obligation: (Note 4E)	29,626,709	271,107	29,897,816	
Total liabilities	<u>91,575,666</u>	<u>24,120,225</u>	<u>115,695,891</u>	<u>4,702,163</u>
NET POSITION (Note 4A)				
Net investment in capital assets	91,559,223	45,424,573	136,983,796	199,684
Restricted				
Right-of-way funds/ metro authority and sanitation	1,917,768		1,917,768	
Highways and streets	5,108,274		5,108,274	
Cable PEG fees	1,160,181		1,160,181	
Culture and recreation	9,808,635		9,808,635	
Community improvement	792,683		792,683	
Social services	96,571		96,571	448,934
Grants (other)	193,436		193,436	
Public safety	665,280		665,280	
Debt service	606,656		606,656	
Capital projects	1,675,891		1,675,891	
Claims	2,922,317		2,922,317	
Unrestricted	19,365,982	42,737,431	62,103,413	10,304,936
Total net position	<u>\$ 135,872,897</u>	<u>\$ 88,162,004</u>	<u>\$ 224,034,901</u>	<u>\$ 10,953,554</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield
Government-Wide Statement of Activities
For the Year Ended June 30, 2013

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Governmental
					Governmental Activities	Business-type Activities	Total	Component Units
Functions/programs								
Primary government:								
Governmental activities:								
General government	\$ 13,516,403	\$ 1,923,492			\$ (11,592,911)		\$ (11,592,911)	
Public safety	49,874,106	8,352,338	\$ 1,990,051	\$ 332,053	(39,199,664)		(39,199,664)	
Highways and streets	10,002,530		5,033,638		(4,968,892)		(4,968,892)	
Public services	1,469,968	605,056			(864,912)		(864,912)	
Sanitation	2,999,397	3,161,928			162,531		162,531	
Community improvement	378,392	149,078	382,848		153,534		153,534	
Social services	2,608,788		2,104,089		(504,699)		(504,699)	
Culture and recreation	14,833,808	4,184,976	214,456		(10,434,376)		(10,434,376)	
Interest on long-term debt	2,228,416				(2,228,416)		(2,228,416)	
Total governmental activities	<u>97,911,808</u>	<u>18,376,868</u>	<u>9,725,082</u>	<u>332,053</u>	<u>(69,477,805)</u>		<u>(69,477,805)</u>	
Business-type activities:								
Water and sewer	32,946,783	38,241,205		121,440		\$ 5,415,862	5,415,862	
Total primary government	<u>\$ 130,858,591</u>	<u>\$ 56,618,073</u>	<u>\$ 9,725,082</u>	<u>\$ 453,493</u>			<u>(64,061,943)</u>	
Component units activities:								
Governmental	<u>\$ 3,880,138</u>	<u>\$ 1,000</u>	<u>\$ 2,131,821</u>	<u>\$ -</u>				<u>\$ (1,747,317)</u>
			General revenues:					
			Property taxes		59,510,906		59,510,906	1,536,906
			Unrestricted state shared revenues		6,184,435		6,184,435	
			Unrestricted investment earnings (loss)		301,515	(112,248)	189,267	25,915
			Miscellaneous		628,512	20,658	649,170	166,234
			Transfers (Note 3E)		986,505	(986,505)	-	
			Total general revenues and transfers		<u>67,611,873</u>	<u>(1,078,095)</u>	<u>66,533,778</u>	<u>1,729,055</u>
			Change in net position		(1,865,932)	4,337,767	2,471,835	(18,262)
			Net position - beginning, as restated (Note 1E)		<u>137,738,829</u>	<u>83,824,237</u>	<u>221,563,066</u>	<u>10,971,816</u>
			Net position - ending		<u>\$ 135,872,897</u>	<u>\$ 88,162,004</u>	<u>\$ 224,034,901</u>	<u>\$ 10,953,554</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield
Balance Sheet
Governmental Funds
June 30, 2013

	Major Funds		Non-Major Funds	
	General	Local Streets	Other Governmental	Total Governmental
ASSETS				
Cash and cash equivalents (Note 3A)	\$ 10,187,237	\$ 5,721,159	\$ 19,544,138	\$ 35,452,534
Investments (Note 3A)	4,859,538	21,571	6,144,126	11,025,235
Receivables, net (Note 3B)	5,230,821	227,492	2,201,373	7,659,686
Prepays	823,246		100,832	924,078
Due from other funds (Note 3E)	1,867,909	71,539	3,455,366	5,394,814
Due from component units	5,610		34,468	40,078
Due from other governmental units			729,127	729,127
Inventories	303,725			303,725
Restricted assets: (Note 3A)				
Cash and cash equivalents			37,130	37,130
Total assets	<u>\$ 23,278,086</u>	<u>\$ 6,041,761</u>	<u>\$ 32,246,560</u>	<u>\$ 61,566,407</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,185,215	\$ 397,983	\$ 891,347	\$ 3,474,545
Accrued payroll	1,087,351		509,881	1,597,232
Due to other funds (Note 3E)	1,094,994	3,569,918	1,581,060	6,245,972
Due to component units	13,123		650,388	663,511
Deferred revenue (Note 3B)	1,403,064	34,156	1,071,491	2,508,711
Other short-term liabilities	1,004,755	54,598	218,131	1,277,484
Advances from local improvement revolving fund (Note 3E)			2,167,595	2,167,595
Total liabilities	<u>6,788,502</u>	<u>4,056,655</u>	<u>7,089,893</u>	<u>17,935,050</u>
Fund balances (deficit): (Note 4A)				
Non-spendable	1,126,971		100,832	1,227,803
Restricted	1,682,768	1,985,106	17,767,970	21,435,844
Committed	9,380,385		3,817,656	13,198,041
Assigned	2,366,529		3,610,924	5,977,453
Unassigned	1,932,931		(140,715)	1,792,216
Total fund balances	<u>16,489,584</u>	<u>1,985,106</u>	<u>25,156,667</u>	<u>43,631,357</u>
Total liabilities and fund balances	<u>\$ 23,278,086</u>	<u>\$ 6,041,761</u>	<u>\$ 32,246,560</u>	<u>\$ 61,566,407</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield
Reconciliation of the Balance Sheet -
Governmental Funds to the Government-Wide
Statement of Net Position
June 30, 2013

Fund balance for governmental activities	\$ 43,631,357
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	129,379,105
Other long-term assets are not available to pay for current- period expenditures and, therefore, are deferred in the funds	2,277,736
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued interest payable	(411,363)
Bonds payable	(43,042,097)
Compensated absences	(8,342,907)
Michigan tax tribunal liability	(437,705)
Other post-employment benefits (OPEB)	(29,205,339)
Internal service funds are used by management to charge the costs of maintaining facilities equipment and fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	<u>42,024,110</u>
Government-wide net position of governmental activities	<u><u>\$ 135,872,897</u></u>

The notes to the financial statements are an integral part of this statement.

City of Southfield
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	Major Funds		Non-Major Funds	
	General	Local Streets	Other Governmental	Total Governmental
REVENUES				
Property taxes	\$ 44,220,372	\$ 2,676,347	\$ 12,421,410	\$ 59,318,129
Special assessments			337,955	337,955
Charges for services	3,221,180		2,634,778	5,855,958
Sanitation	3,161,928			3,161,928
Licenses and permits	2,062,659			2,062,659
Fines and forfeitures	4,435,745		126,330	4,562,075
Federal forfeitures			60,531	60,531
Cable royalties			1,550,192	1,550,192
Intergovernmental:				
Federal	1,001,417		2,565,213	3,566,630
State	6,308,483	1,136,566	4,070,941	11,515,990
Other	673,727		97,604	771,331
Contributions and donations			80,855	80,855
Net investment earnings	198,979	45,803	56,734	301,516
Other	234,025	19,704	374,789	628,518
Total revenues	<u>65,518,515</u>	<u>3,878,420</u>	<u>24,377,332</u>	<u>93,774,267</u>
EXPENDITURES				
Current:				
General government	8,118,011			8,118,011
Public safety	43,142,126		767,255	43,909,381
Highways and streets		2,378,887	3,462,319	5,841,206
Public services	609,558			609,558
Sanitation	2,999,397			2,999,397
Community improvement			378,392	378,392
Social services	334,719		2,101,251	2,435,970
Culture and recreation			11,980,291	11,980,291
Insurance and bonds	529,432			529,432
Support services	5,678,180			5,678,180
Other			387,455	387,455
Capital outlay	676,236	952,843	2,283,364	3,912,443
Debt service:				
Principal retirement	80,000	83,222	2,172,568	2,335,790
Interest and fiscal charges	229,751	36,439	1,935,348	2,201,538
Total expenditures	<u>62,397,410</u>	<u>3,451,391</u>	<u>25,468,243</u>	<u>91,317,044</u>
Excess (deficiency) of revenues over (under) expenditures	3,121,105	427,029	(1,090,911)	2,457,223
OTHER FINANCING SOURCES (USES) (Note 3E)				
Transfers in	397,153		4,155,040	4,552,193
Proceeds on long-term debt	3,430,000			3,430,000
Bond issuance costs	(42,139)			(42,139)
Transfers out	(141,884)	(2,332,449)	(511,219)	(2,985,552)
Payment to escrow fund for refunding	<u>(3,387,861)</u>			<u>(3,387,861)</u>
Total other financing sources (uses)	255,269	(2,332,449)	3,643,821	1,566,641
Net change in fund balances	3,376,374	(1,905,420)	2,552,910	4,023,864
Fund balances - beginning	13,113,210	3,890,526	22,603,757	39,607,493
Fund balances - ending	<u>\$ 16,489,584</u>	<u>\$ 1,985,106</u>	<u>\$ 25,156,667</u>	<u>\$ 43,631,357</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities For the Year Ended June 30, 2013

Net change in fund balances – total governmental funds	\$ 4,023,864
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are recorded as capital assets	4,014,983
Governmental activities allocate the cost of capital assets over their estimated useful lives as depreciation expense.	(8,086,460)
Delinquent personal property taxes are recorded in the statement of activities when the tax is assessed; they are not reported in the funds until collected or collectable within 60 days of year end	192,737
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	1,092,368
Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position. Long-term debt for capital assets is a reduction of net position however, a reduction of the debt increases net position. This is the amount of principal paid on long-term debt.	5,765,790
Proceeds from long-term debt net of discount	(3,430,000)
Current year's amortization for discounts payable.	(6,373)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The amount of expenditures for accumulated compensated absences is reported here.	(163,291)
Decrease in Michigan tax tribunal contingency	4,193,313
Increase in accrued interest payable on long-term debt	(20,505)
Increase in other post-employment benefits (OPEB), Note 1E	(9,485,394)
Internal Service funds are used by management to charge the costs of certain activities, such as motor pool, and equipment replacement, to individual funds. The net activity of the internal service funds is reported with governmental activities.	<u>43,036</u>
Change in net position government-wide statement of governmental activities	<u>\$ (1,865,932)</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-type Activities	Associated Governmental
	Enterprise Fund Water and Sewer	Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents (Note 3A)	\$ 17,815,722	\$ 25,799,740
Investments (Note 3A)	17,931,288	4,555,590
Receivables, net (Note 3B)	13,296,335	21,424
Prepays	25,897	22,816
Due from other funds (Note 3E)	8,532	990,808
Due from component units		184,300
Inventory	485,968	384,782
Total current assets	<u>49,563,742</u>	<u>31,959,460</u>
Noncurrent assets:		
Restricted assets: (Note 3A)		
Cash and cash equivalents		2,922,317
Long-term advances to other funds (Note 3E)		2,167,595
Long-term advances to component units (Note 3E)		2,735,468
Capital assets: (Note 3C)		
Construction in progress	3,800,130	
Infrastructure	126,750,020	
Equipment and intangibles	2,889,670	24,560,328
Total capital assets	<u>133,439,820</u>	<u>24,560,328</u>
Less accumulated depreciation	(70,626,458)	(19,375,243)
Total capital assets (net of accumulated depreciation)	<u>62,813,362</u>	<u>5,185,085</u>
Total noncurrent assets	<u>62,813,362</u>	<u>13,010,465</u>
Total assets	<u>112,377,104</u>	<u>44,969,925</u>
LIABILITIES		
Current liabilities:		
Accounts payable	5,938,407	361,733
Deposits and escrow	172,936	
Accrued payroll	55,312	65,007
Interest payable	105,466	
General insurance accrual		712,950
Workers' compensation accrual		980,673
Due to other funds (Note 3E)	94,875	53,307
Accrued compensated absences-due within 1 year (Note 3D)	69,541	129,595
Revenue bonds payable (Note 3D)	2,015,000	
Total current liabilities	<u>8,451,537</u>	<u>2,303,265</u>
Noncurrent liabilities:		
Accrued compensated absences-due more 1 year (Note 3D)	118,667	221,180
Other post-employment benefits:	271,107	421,370
Bonds payable (Note 3D)	15,373,789	
Total noncurrent liabilities	<u>15,763,563</u>	<u>642,550</u>
Total liabilities	<u>24,215,100</u>	<u>2,945,815</u>
NET POSITION		
Net investment in capital assets	45,424,573	5,185,085
Restricted for claims		2,922,317
Unrestricted	42,737,431	33,916,708
Total net position	<u>\$ 88,162,004</u>	<u>\$ 42,024,110</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Year Ended June 30, 2013

	Business-type Activities	Associated Governmental
	<u>Enterprise Fund</u>	<u>Internal</u>
	<u>Water and Sewer</u>	<u>Service Funds</u>
OPERATING REVENUES		
Charges for consumption and service:		
Water and sewage charges	\$ 37,849,853	
Charges to other funds		\$ 8,955,746
Installation charges	53,825	
Interest and penalties	337,527	
Other	20,658	730,971
Total operating revenues	<u>38,261,863</u>	<u>9,686,717</u>
OPERATING EXPENSES		
Administration	3,980,216	1,945,547
Equipment and facility operation		5,627,195
Water purchases	6,661,007	
Transmission and distribution	15,856,603	
Service installation and meter reading	1,651,898	
Depreciation	4,797,059	1,517,440
Other		256,499
Total operating expenses	<u>32,946,783</u>	<u>9,346,681</u>
Operating income	5,315,080	340,036
NONOPERATING REVENUES		
Intergovernmental - Federal	121,440	
Loss on disposal of assets		(4,880)
Net investment earnings (loss)	(112,248)	111,189
Other		176,827
Total nonoperating revenues	<u>9,192</u>	<u>283,136</u>
Income before transfers	5,324,272	623,172
Transfers out	<u>(986,505)</u>	<u>(580,136)</u>
Change in net position	4,337,767	43,036
Total net position - beginning	<u>83,824,237</u>	<u>41,981,074</u>
Total net position - ending	<u>\$ 88,162,004</u>	<u>\$ 42,024,110</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Business-type Activities	Associated Governmental
	Enterprise Fund Water and Sewer	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from users	\$ 38,682,338	\$ 10,011,023
Cash paid to employees	(2,039,598)	(3,848,022)
Cash paid to suppliers	(24,009,027)	(3,995,695)
Net cash provided by operating activities	<u>12,633,713</u>	<u>2,167,306</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Advance (payment) within an interfund	(215,143)	2,440,057
Retroactive premium adjustments		176,827
Long-term advances		2,685,556
Payment of long-term advances received from component units		(1,149,782)
Transfers out	(986,505)	(580,136)
Net cash provided by (used in) noncapital and related financing activities	<u>(1,201,648)</u>	<u>3,572,522</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of and adjustments to property and equipment	(14,529)	(1,620,014)
Intergovernmental - Federal	121,440	
System improvements	(5,304,540)	
Payment of revenue bonds	(1,960,000)	
Net cash used in capital and related financing activities	<u>(7,157,629)</u>	<u>(1,620,014)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments, net of proceeds	(17,106,094)	(2,171,643)
Investment earnings (loss)	(112,248)	103,829
Net cash used in investing activities	<u>(17,218,342)</u>	<u>(2,067,814)</u>
Net increase (decrease) in cash, cash equivalents	(12,943,906)	2,052,000
Cash, cash equivalents, beginning of year	30,759,628	26,670,057
Cash, cash equivalents, end of year	<u>\$ 17,815,722</u>	<u>\$ 28,722,057</u>
Balance sheet reconciliation of cash & cash equivalents		
Cash, cash equivalents	\$ 17,815,722	\$ 25,799,740
Restricted cash, cash equivalents		2,922,317
Total cash, cash equivalents	<u>\$ 17,815,722</u>	<u>\$ 28,722,057</u>
Reconciliation of operating income to net cash provided		
by operating activities:		
Operating income	\$ 5,315,080	\$ 340,036
Adjustments to reconcile operating income to net cash provided by		
(used in) operating activities:		
Depreciation	4,797,059	1,517,440
OPEB obligation	241,680	362,520
Receivables	442,492	
Prepays	(8,673)	348,791
Inventory	(13,344)	(24,485)
Accounts payable	1,866,160	(187,255)
Deposits	22,022	
Accrued payroll, including compensated absences due in less than one year	(4,222)	(21,886)
Interest payable	(11,825)	
General insurance accrual		(573,071)
Workers' compensation accrual		481,633
Accrued compensated absences	(12,716)	(76,417)
Net cash provided by operating activities	<u>\$ 12,633,713</u>	<u>\$ 2,167,306</u>

The notes to the financial statements are an integral part of this statement.

(This page left intentionally blank.)

City of Southfield
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Pension and Other Post-Employment Benefits Trust Funds	Agency Funds
	<u>Trust Funds</u>	<u>Funds</u>
ASSETS		
Cash and cash equivalents (Note 3A)	\$ 7,139,407	\$ 5,038,330
Investments, at fair value (Note 3A) :		
Government obligations	48,506,809	280,376
Corporate bonds	40,468,006	
Common stock	202,446,174	
Real estate and other	39,024,673	
Total investments	<u>330,445,662</u>	<u>280,376</u>
Cash and investments held as collateral for securities lending (Note 3A) :		
Certificates of deposit	9,390,642	
Repurchase agreements	8,715,367	
Time deposits	6,077,472	
Agency bonds and notes	3,881,998	
Commercial paper	3,037,073	
Variable rate certificates of deposit	864,884	
Asset backed commercial paper	715,192	
Variable rate notes/bonds	2,037,224	
Medium term notes	96,468	
Corporate bonds	26,612	
Sweep vehicles	239,506	
Non-cash collateral	243,125	
Total securities lending	<u>35,325,563</u>	<u>-</u>
Receivables, net	1,170,279	1,744
Prepays	706,520	
Total assets	<u>374,787,431</u>	<u>5,320,450</u>
LIABILITIES		
Accounts payable and accrued payroll	1,363,349	159,969
Deposits and escrow		4,663,885
Interest payable		1,345
Due to other governmental units	756,288	495,251
Obligations under securities lending agreements	35,502,461	
Total liabilities	<u>37,622,098</u>	<u>5,320,450</u>
NET POSITION		
Restricted for pension benefits	285,817,384	
Restricted for post-retirement health care benefits	51,347,949	
Total net position	<u>\$ 337,165,333</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2013

	Pension and Other Post-Employment Benefits Trust Funds
ADDITIONS	
Contributions:	
Plan members	\$ 2,000,284
Employer	14,454,186
Total contributions	<u>16,454,470</u>
Investment activity:	
Net increase in fair value of investments	34,752,191
Investment earnings	2,893,682
Dividends	4,515,543
Other	25,201
Total investment activity	<u>42,186,617</u>
Less investment expense:	1,199,847
Net investment activity	<u>40,986,770</u>
Total additions, net	<u>57,441,240</u>
DEDUCTIONS	
Benefits	22,600,847
Health care expense	6,848,491
Administrative expense	740,272
Total deductions	<u>30,189,610</u>
Net increase	27,251,630
Net position - beginning	<u>309,913,703</u>
Net position - ending	<u><u>\$ 337,165,333</u></u>

The notes to the financial statements are an integral part of this statement.

City of Southfield
Statement of Net Position
Discretely Presented Component Units
June 30, 2013

	Economic Development Corporation	Brownfield Re-development Authority	Joint-Local Development Finance Authority	Cornerstone Development Authority	Tax Increment Finance Authority	Local Development Finance Authority	Section 8 Housing Commission	Southfield Growth Corporation	Totals
ASSETS									
Cash and cash equivalents (Note 3A)	\$ 12,801	\$ 37,856	\$ 1,090,437	\$ 1,232,600	\$ 4,539,102	\$ 2,494,966	\$ 452,348	\$ 552,465	\$ 10,412,575
Investments (Note 3A)			371,673	500,353	976,365	1,291,213			3,139,604
Receivables, net (Note 3B)		81,363	43,116	69,007	5,872	62,763		25,802	287,923
Property investments								903,174	903,174
Prepays				844					844
Due from primary government				6,814			5,102	651,595	663,511
Due from component units		900		2,000					2,900
Total current assets	12,801	120,119	1,505,226	1,811,618	5,521,339	3,848,942	457,450	2,133,036	15,410,531
Capital assets: (Note 3C)									
Depreciable-net				245,186					245,186
Total assets	12,801	120,119	1,505,226	2,056,804	5,521,339	3,848,942	457,450	2,133,036	15,655,717
LIABILITIES									
Accounts payable and other current liabilities	295			12,105			8,516	193,311	214,227
Due to primary government		5,610				184,300		34,468	224,378
Due to component units	2,000					900			2,900
Due to other governmental units		35,905			1,443,783				1,479,688
Long-term advances from primary government (Note 3E)						1,401,386		1,334,082	2,735,468
Noncurrent liabilities: (Note 3D)									
Due in more than one year				45,502					45,502
Total non-current liabilities	-	-	-	45,502	-	-	-	-	45,502
Total liabilities	2,295	41,515	-	57,607	1,443,783	1,586,586	8,516	1,561,861	4,702,163
NET POSITION									
Net investment in capital assets				199,684					199,684
Restricted							448,934		448,934
Unrestricted	10,506	78,604	1,505,226	1,799,513	4,077,556	2,262,356		571,175	10,304,936
Total net position	\$ 10,506	\$ 78,604	\$ 1,505,226	\$ 1,999,197	\$ 4,077,556	\$ 2,262,356	\$ 448,934	\$ 571,175	\$ 10,953,554

The notes to the financial statements are an integral part of this statement.

City of Southfield
Statement of Activities
Discretely Presented Component Units
For the Year Ended June 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position								Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Economic Development Corporation	Brownfield Re-development Authority	Joint-Local Development Finance Authority	Cornerstone Development Authority	Tax Increment Finance Authority	Local Development Finance Authority	Section 8 Housing Commission	Southfield Growth Corporation	
Economic development corporation												
Community improvement	\$ 9,191			\$ (9,191)								\$ (9,191)
Brownfield re-development authority												
Community improvement	704,690	\$ 1,000	\$ 180		\$ (703,510)							(703,510)
Joint-local development finance authority												
Community improvement	1,205					\$ (1,205)						(1,205)
Cornerstone development authority												
Community improvement	686,428						\$ (686,428)					(686,428)
Local development finance authority												
Community improvement	162,661							\$ (162,661)				(162,661)
Section 8 housing commission												
Social services	1,770,705		1,587,648							\$ (183,057)		(183,057)
Southfield growth corporation												
Community improvement	545,258		543,993								\$ (1,265)	(1,265)
Total component units	\$ 3,880,138	\$ 1,000	\$ 2,131,821									(1,747,317)
General revenues:												
Property taxes					627,710	243,404	280,125		385,667			1,536,906
Unrestricted investment earnings				4	919	1,476	(4,675)	18,452	9,552	70	117	25,915
Miscellaneous					130,900		21,969		13,365			166,234
Total general revenues				4	759,529	244,880	297,419	18,452	408,584	70	117	1,729,055
Change in net position				(9,187)	56,019	243,675	(389,009)	18,452	245,923	(182,987)	(1,148)	(18,262)
Net position - beginning				19,693	22,585	1,261,551	2,388,206	4,059,104	2,016,433	631,921	572,323	10,971,816
Net position - ending				\$ 10,506	\$ 78,604	\$ 1,505,226	\$ 1,999,197	\$ 4,077,556	\$ 2,262,356	\$ 448,934	\$ 571,175	\$ 10,953,554

The notes to the financial statements are an integral part of this statement.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Incorporation of City

The City of Southfield was incorporated on April 28, 1958, under the provisions of Act 279, P.A. 1909, as amended (Home Rule City Act). The City operates under a council/administrator form of government and provides the following services as authorized by its charter: public safety, public works, culture, recreation and community development.

The basic financial statements of the City of Southfield (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles and are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). The City's more significant accounting policies are described below.

A. Reporting Entity

As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the City's operations given the level of financial interdependence with the City. Data from these units are combined with data of the City (primary government). Each discretely presented component unit, on the other hand, is legally separate with a board appointed by the City. In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may or may not be financially accountable and, as such, has included them within the City's financial statements. In accordance with GASB Statement No. 14, the City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose a specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Data from these units is segregated from the primary government in the combined financial statements. Each blended and discretely presented component unit's financial information has been included based upon a June 30 year-end.

Blended Component Units: The following component units have been blended into the City's basic financial statements:

City of Southfield Library Building Authority
City of Southfield Building Authority

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity (continued)

The Southfield library building authority board consists of 6 members appointed by City Council, thereby appointing a voting majority. In addition, the repayment of the Southfield library building authority's bonds is financed through an operating millage for library operations. The Southfield building authority board consists of 4 members appointed by City Council, and the City Administrator, thereby appointing a voting majority. The Building Authorities are reported as a governmental fund type.

Discretely Presented Component Units: The component unit columns in the combined financial statements include the financial data of the City's other component units. The following component units are reported in separate columns to emphasize that they are legally separate from the City:

Economic Development Corporation (EDC): The EDC was formed in February of 1980, in accordance with the State of Michigan Public Act 338 of 1974, for the purpose of stimulating economic activity in the City of Southfield. Industrial projects ultimately approved by the Economic development corporation are financed through the sale of Industrial revenue bonds. In addition, the EDC offers loans and participates in other economic development and rehabilitation programs.

Brownfield Re-development Authority: The Brownfield redevelopment authority is a corporate public body, created by the State of Michigan under Public Act 381 of 1996, consisting of the serving members of the Local development financing authority (LDFA). Its purpose is to promote the revitalization of environmentally distressed, blighted and functionally obsolete properties through the use of tax increment financing.

Joint-Local Development Finance Authority (Joint-LDFA):

The Joint-LDFA was created under Public Act 248 of 2000, an amendment to the Local development finance authority act created under Michigan Public Act 281 of 1986. The Joint-LDFA is a joint authority with the City of Troy in which each city has prepared its own development and financing plan by creating a Certified Technology Park, also known as a SmartZone or Smart Park, whose primary purpose is to develop and finance public improvements to promote growth and economic development. This purpose is accomplished by the Authority designing a development district and analyzing the property to determine the initial assessed value. Any new or additional assessed value is declared "captured assessed value." Most Local and ½ of School property taxes collected thereon are transferred to the Authority as "tax increment revenues" and used to finance the development plan.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity (continued)

Cornerstone Development Authority (CDA): The CDA has a 13-member board, appointed by the Mayor, committed to the economic development of the designated downtown district in and around the Northland Center. This Authority was formed under Public Act 1975, No. 197, and is funded through a 2-mill tax levy on all real and personal property within the district and a tax increment financing plan.

Tax Increment Financing Authority (TIFA): The TIFA was organized pursuant to the State of Michigan, Public Act 450 of 1980. Its primary purpose is to finance and develop public improvements to promote growth and increase property tax valuation. Any new or additional assessed value in the development district is declared "captured assessed value." The property taxes collected thereon are transferred to the Authority as "tax increment revenues" and used to finance the development plan.

Local Development Finance Authority (LDFA): The LDFA was organized on September 25, 1989 pursuant to the State of Michigan Public Act 281 of 1986. The LDFA is similar to the TIFA, but is restricted to industrial and manufacturing areas. The primary purpose of the Authority is to finance and develop public improvements to promote growth and increase property tax valuation. This purpose is accomplished by the Authority designing a development district and analyzing the property to determine the initial assessed value. Any new or additional assessed value, whether from new construction or increased market value, is declared "captured assessed value." The property taxes collected thereon are transferred to the Authority as "tax increment revenues" and used to finance the development plan.

The City assesses, collects and distributes property taxes for several school districts, including the Southfield Public Schools. These districts are not included in these financial statements because they are entities with independently elected Boards of Education who establish their own millage rates and are responsible for all financial control, including budgeting and operating surpluses and deficits.

Section 8 Housing Commission:

The Housing Commission, whose activities are reported in the Section 8 Housing Fund, was incorporated pursuant to the Housing Facilities Act 19 of 1933. The Housing Commission consists of five (5) members appointed by the City Administrator for five-year terms. The Commission is responsible for providing quality housing for the elderly and low-income families through, Housing and Urban Development (HUD), Housing Choice Voucher Program Section 8, public funding program.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity (continued)

Southfield Growth Corporation:

The Southfield growth corporation whose activities are recorded in the Neighborhood stabilization program fund is governed by a 5 member board including the Deputy City Administrator, City Attorney, Purchasing Agent, Director of Planning and Housing Program specialist. The first three are appointed by the City Council, the Director of Planning is appointed by the Mayor and confirmed by the City Council and the specialist reports to the Deputy City Administrator, thereby appointing a voting majority. Pursuant to Housing Economic Relief Act (HERA) of 2008, federal grant funds are used to allow the City to purchase foreclosed or abandoned homes to rehabilitate, resell, or redevelop them in order to stabilize neighborhoods and stem the decline of house values of neighboring homes. The NSP also provides financial assistance to qualifying families for acquisition of foreclosed and vacant properties.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net position categories: net investment in capital assets, restricted net position and unrestricted net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction or improvement of those assets.

The statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the Governmental Accounting Standards Board Statement 33.

B. Basis of presentation

The statement of net position and the statement of activities display information about the City as a whole. The statements include all funds of the primary government and its component units, except for its fiduciary funds. Those funds are reported in the statements of fiduciary net position and changes in fiduciary net position.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Basis of Presentation (continued)

The statement of net position and the statement of activities are presented to distinguish between governmental and business-type activities of the City. Governmental activities are financed through taxes, intergovernmental revenues and other non-exchange revenues. These activities are reported in governmental and internal service funds. For the most part, the effect of interfund activity has been removed from these statements. Business-type activities are financed by fees charged to external parties for goods or services. These activities are reported in the City's enterprise funds.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Capital assets are reported in the government-wide statements at historical cost. Capital assets include land, improvements to land, buildings, building improvements, vehicles, machinery, equipment and all other tangible or intangible assets that are used in operations and have initial useful lives beyond a single reporting period and cost over \$5,000. Infrastructure assets are long-lived capital assets that normally can be preserved for a significantly greater number of years than most capital assets.

Capital assets that are being depreciated are reported net of accumulated depreciation in the statement of net position. Capital assets that are not being depreciated, such as land, are reported separately.

Capital assets are depreciated over their estimated useful lives. Depreciation expense is reported in the statement of activities by allocating the net cost over the estimated useful life of the asset. Assets are depreciated on an individual basis for equipment and buildings.

GOVERNMENTAL FUNDS

The City reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Basis of Presentation (continued)

Local Streets: Michigan's Act 51 of 1933, as amended, allocates gas and weight taxes to build and maintain roads, roadsides, and storm sewers. Snow removal and traffic control are also supported by this funding source. Local streets, which primarily service the residential community, are maintained by the City through a one-mill City tax levy for residential street maintenance and to a lesser degree by Act 51 funding. Additional funds are provided through Public Act 298 of 1917 for all local streets mowing, litter pick-up, street sweeping and catch basin cleaning on all roads throughout the City.

ENTERPRISE FUND: The Enterprise fund is used to account for (1) operations that are financed and operated in a manner similar to business enterprises - where the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges, and (2) operations where the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The City reports the following major proprietary fund:

Water and Sewer: Water sales support the purchase of water from the Southeastern Oakland County Water Authority and the installation and maintenance of meters and mains throughout the City. Sewer disposal charges to customers pay for treatment of sewerage and fund installation and maintenance of sanitary sewers in the EVERGREEN area (west of Southfield Road) and of combined sanitary and storm sewers on the "SEOCSDS" area (east of Southfield Road).

Additionally, the City reports the following Internal Services and Fiduciary fund types:

Associated Governmental Funds

Internal Service Funds: Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost reimbursement basis. These funds include Facilities maintenance, Motor Pool, Equipment Revolving, Insurance Risk Retention, Local Improvement Revolving.

Generally accepted accounting principles for the associated governmental funds are similar to those applicable to a business enterprise in the private sector.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Basis of Presentation (continued)

Fiduciary Funds

Trust and Agency Funds: Trust and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These funds include pension trust agency. Expendable trust funds are accounted for and reported as governmental funds.

TRUST

Pension Trust: These funds account for employee and employer pension contributions, accumulated assets, administrative expenses, investment income and payments to beneficiaries. The funds include the Southfield employee retirement system and the Fire & Police retirement system.

Retiree Health Care Benefits Plan & Trust: This fund accounts for employer post retirement health care contributions, accumulated assets, administrative expenses and investment income. Payments for beneficiaries are not anticipated until the reserves for post retirement health care benefits have been depleted in the pension trusts.

AGENCY

Deposits and Escrow: This fund is for builders' cash bonds and similar escrow deposits.

Imprest Payroll: This fund is a clearing-account for payroll disbursements which is replenished from other funds.

46th District Court: The district court operates in an agency capacity and collects fine and fee revenues and distributes them to the appropriate governmental unit or agency. The City is the District Control Unit for the district court, and it provides all facilities, services and payroll expenses required for the proper functioning of the district court.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Accounting (continued)

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected within 60 days after year end to pay liabilities of the current period. Significant revenues susceptible to accrual include reimbursement grants, state shared revenues and charges for services.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred provided the liability normally would be liquidated with expendable available financial resources. The major exception to this general rule is principal and interest on long-term debt which is recognized when due and paid.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus. This means that generally only current assets and current liabilities are included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available, spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

All proprietary funds and the pension trust funds are accounted for on a cost of services or "economic resources" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. Proprietary and Pension Trust funds use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, Liabilities, and Equity

(a) Investments: The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value, based on quoted market prices. Investments and certificates of deposit are purchased with pooled cash and are generally held to maturity. Interest is allocated on the basis of time-and-dollar weighted participation in each pool.

(b) Receivables/payables: During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term receivables and payables resulting from such transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet. Any residual balances between the government activities and business-type activities are reported in the government-wide financial statements as "internal balances". All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's Water and Sewer fund. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a reservation of fund balance.

(c) Inventory: Inventory is stated at a first-in, first-out cost method and are accounted for using the purchasing method except for certain items used in the governmental and proprietary funds such as sign shop inventory which are accounted for on the consumption method.

(d) Restricted assets: Restricted assets consist of deposits being held by third parties and are legally required to be used for specific purposes, including construction and maintenance of drains, debt service of drains, and for self-insurance claim payments.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, Liabilities, and Equity (continued)

(e) Capital assets: Capital assets which include property and equipment are stated at historical cost or, if donated, fair market value at the date of donation. Expenditures which materially extend the useful life of existing properties are capitalized. All costs relating to the construction of facilities are capitalized, including salaries, employee benefits and bond interest costs. Certain governmental improvements, including roads, bridges, storm sewers and sidewalks are capitalized as infrastructure. Drain usage rights are capitalized assets relating to City drains that are maintained by Oakland County.

Depreciation is recorded for property and equipment using the straight-line method over the estimated useful lives of the related assets.

The estimated useful lives are:

Land improvements	10-50 years
Buildings and improvements	10-50 years
Infrastructure	5-50 years
Intangibles	10-50 years
Drain usage rights	50 years
Equipment	2-10 years

Depreciation of property and equipment contributed by entities independent of the City (such as construction contractors) is charged to fund operations.

(f) Compensated absences: The City recognizes expenditures and liabilities in governmental funds for the accrued vacation and sick pay as it comes due for payment (when the time is taken off or an employee terminates). The remaining amount of the unpaid vacation and sick pay liability has been recognized in the statement of net position as non-current liabilities. The proprietary funds accrue all unpaid vacation and sick pay as it is earned and has been accrued therein in its entirety.

(g) Long-term obligations: In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, Liabilities, and Equity (continued)

(h) Fund equity: The objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated and unreserved will be replaced with five new classifications: non-spendable, restricted, committed, assigned and unassigned.

In the fund financial statements, governmental funds report the following components of fund balance:

- Non-spendable: Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- Restricted: Reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties, constitutional provisions or enabling legislation for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change
- Committed: Amounts that have been formally set aside by the City for use for specific purposes. Commitments are made and can be rescinded only via resolution of the City Council.
- Assigned: Intent to spend resources on specific purposes expressed by the City Council as this authority has not been delegated to management. Although also Council determined, this classification is less restrictive and thus would not require formal action by Council.
- Unassigned: Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and not been restricted, committed or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported; if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

When an expense is incurred for purposes for which both restricted and unrestricted net position or fund balance are available, the City's policy is to first apply unrestricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the City's policy to spend funds in this order: committed, assigned and unassigned.

The City Council has not formally adopted a fund balance policy. However, the general rule is to follow the GFOA guidelines by maintaining a balance between 5 – 20% of annual expenditures.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, Liabilities, and Equity (continued)

(i) **Use of estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

(j) **Pension and other post employment benefit costs** – The City offers both pension and retiree health care benefits to retirees. The City receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution, adjusted for interest and “adjustment to the ARC” on the beginning of year underpaid or overpaid amount, if any.

E. Change in Reporting

During the year, the City adopted GASB Statement No. 61, The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34. As a result of this adoption (which modified the determination of component units), the City determined that the Southfield Non-Profit Housing (SNPH) Corporation no longer meets the criteria for reporting as a component unit of the City of Southfield. Given this change, the activity of the SNPH Corporation has been removed from the City’s financial statements.

Additionally, the implementation of GASB Statement No. 61 also caused both the Section 8 Housing Commission and Southfield Growth Corporation (Neighborhood Stabilization Program) to no longer meet the criteria for reporting as a blended component unit. Although still meeting the definition of a component unit of the City, they are now reported as discretely presented component units within the City’s financial statements, emphasizing that they are legally separate.

These reporting changes in the entity have been implemented by the City pursuant to the provisions of GASB 62, which prescribes that accounting changes that result in the financial statement should be reported by restating the financial statements of all prior periods presented.

Lastly, the financial statements for the year ended June 30, 2013 have been restated in order to correct the City’s other post-employment benefits obligation, as computed and recorded pursuant to GASB 45. Previously, reimbursements of City funds for retiree healthcare amounts paid from healthcare reserves within the Fire and Police Retirement System and from the Retiree Health Care Trust related to the Southfield Employees Retirement System were not factored into the calculation and should have been. The effect of this correction was to increase long-term liabilities by \$18,336,922 within the government-wide activities, with a corresponding decrease to net position as of the beginning of the year.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data: The preparation of the budget begins in October with the establishment of written goals and parameters through the City Administrator's Office and the distribution of budget instructions by the Office of Management and Budget. The remaining steps and deadlines are strictly outlined in the City Charter:

- On or before March 1 – Each department head must submit a departmental budget to the City Administrator.
- On or before April 1- the Administrator shall submit the budget to the Mayor.
- On or before the first regular Council meeting in May - the Mayor shall submit the budget to Council.
- Not later than the third week in June - the Council shall adopt a budget by an affirmative vote of at least five members, at a Special Budget Meeting called for such purposes.
- The City's fiscal year begins July 1.
- The public is kept well informed throughout the budget process through the issuance of press releases, availability of budget documents at both the City Clerk's Office and Southfield Public Library at various stages in the formulation process, and creation of a budget summary videotape which plays periodically on the City's cable television station. Citizens are encouraged to actively participate in all public hearings.
- The individual department head is authorized to transfer budgeted amounts within the respective appropriation unit (e.g., Treasurer's Office), unless the transfer involves personnel or capital line items, in which case, the approval of the Director of Financial Services or the City Administrator is also required. However, any revisions that alter an appropriation unit's total budget must be approved by City Council. Such budget adjustments took place, as authorized by the City Council, for the year ended June 30, 2013, and the budgetary data reflects the effect of those amendments.
- Appropriations for the fiscal year lapse every June 30. Council may re-appropriate any amount at its discretion.
- Budgets are legally adopted on an activity basis for the General and Special Revenue Funds. These budgets are presented on the same basis of accounting as used for actual results. They are adopted by Council on a non-GAAP basis. A schedule reconciling the adopted budget to the presented budget is disclosed in the RSI section. Capital Projects and Debt Service funds are approved by City Council on a project length basis, with annual expenditures included within Governmental Fund appropriation units. Budgets and actual comparisons are not reported in the financial statements for those funds where no annual budgets are prepared.

Notes to RSI – Budgetary Information

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as restrictions, commitments or assignments of fund balances (depending on how the encumbrances will be paid) and do not constitute expenditures or liabilities because the goods or services have not been received at year end. The commitments will be re-appropriated and honored during the subsequent year. The amount of encumbrances outstanding at year end is \$1,585,234.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data (continued)

- These non-major governmental funds require an annual budget:

Major streets	Grants
Parks and recreation	Library
Cable television	Michigan works grants
Block grant	Auto theft grant
Drug law enforcement	Donations, memorial trusts & sponsorships

The Block grant fund adopted an annual budget which included a deficit. This fund was not in compliance with the Uniform Budget Act. The City plans to correct this for fiscal year 2014.

B. Budget Variances

During the year, the City incurred both positive and negative revenue/other financing sources variances compared to amounts budgeted, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
General Fund			
Revenues:			
Property taxes	\$ 43,309,177	\$ 44,220,372	\$ 911,195
Charges for services	3,090,779	3,221,180	130,401
Fines and forfeitures	4,094,000	4,435,745	341,745
Intergovernmental:			
State	5,507,002	6,308,483	801,481

Property taxes: The City used the initial estimates not the final Warrant to be conservative based on previous year's results usually ending with a favorable variance.

Charges for services: Cautious budget projections and an intensive code enforcement program.

Fines and forfeitures: District Court revenues exceeding cautious budget projections.

Intergovernmental - State: Cautious budget projections due to uncertainty regarding changes to the allocation of state shared revenues.

Local streets

Revenues:			
Property taxes	\$ 2,609,911	\$ 2,676,347	\$ 66,436

The City used the initial estimates not the final Warrant to be conservative based on previous year's results usually ending with a favorable variance.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY

B. Budget Variances (continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
Major streets			
Other Financing Sources			
Transfers in	\$ 3,052,135	\$ 2,372,449	\$ (679,686)

This category has an unfavorable variance as a budgeted transfer was deferred until 2013-14 since the project was not ready for bidding.

Parks and recreation

Revenues:

Property taxes	\$ 4,129,982	\$ 4,222,312	\$ 92,330
----------------	--------------	--------------	-----------

City used the initial estimates not the final Warrant to be conservative based on previous year's results usually ending with a favorable variance.

Cable television

Revenues:

Cable royalties	\$ 1,105,367	\$ 1,550,192	\$ 444,825
-----------------	--------------	--------------	------------

Revenues generated by an additional cable television provider.

Block grant

Revenues:

Intergovernmental:

Federal	\$ 515,211	\$ 372,917	\$ (142,294)
---------	------------	------------	--------------

The variance is a result of timing of program expenditures and drawdowns. Budget is comprised of current year allocation which was not totally expended in this fiscal year and therefore drawdowns were made.

Drug law enforcement

Revenues:

Fines and forfeitures	\$ 170,000	\$ 126,330	\$ (43,670)
Federal forfeitures	120,000	60,531	(59,469)

These categories' unfavorable variances are due to the uncertain nature of the activity.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY

B. Budget Variances (continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
Library			
Revenues:			
Property taxes	\$ 6,607,971	\$ 6,755,699	\$ 147,728

City used the initial estimates not the final Warrant to be conservative based on previous year's results usually ending with a favorable variance.

Michigan works grants

Revenues:

Intergovernmental:

Federal	\$ 3,300,000	\$ 2,097,289	\$ (1,202,711)
---------	--------------	--------------	----------------

Anticipated federal funding that was reduced.

Donations, memorial trusts & sponsorships

Revenues:

Contributions	\$ 200,000	\$ 80,855	\$ (119,145)
---------------	------------	-----------	--------------

The City estimates contributions because they are unknown at the time of budgeting.

During the year, the City incurred both positive and negative expenditure variances compared to amounts budgeted, as follows:

General Fund

Expenditures:

Total general government	\$ 8,852,893	\$ 8,118,011	\$ 734,882
Total public safety	46,137,757	43,142,126	2,995,631
Total public services	3,986,737	3,608,955	377,782
Other:			
Support services	5,267,428	5,678,180	(410,752)

Total general government: The City's commitment to hold vacancies open and reducing expenditures resulted in a positive variance.

Total public safety: The City's commitment to hold vacancies open, reducing expenditures and the Fire Department being the recipient of a federal grant resulted in a positive variance.

Total public services: The City's commitment to hold vacancies open, reducing expenditures and slightly better than anticipated sanitation costs resulted in a positive variance. The difference between sanitation costs and sanitation revenue has been restricted in fund balance.

Support services: The affect of previous year tax appeals were greater than anticipated.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY

B. Budget Variances (continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
Local streets			
Expenditures:			
Road maintenance	\$ 1,994,068	\$ 1,068,057	\$ 926,011
Traffic Services	202,795	94,139	108,656
Snow removal	666,284	496,893	169,391
Appearance	645,983	433,389	212,594

Road maintenance/Traffic Services/Appearance: The City's commitment to hold vacancies open and reduce expenditures resulted in positive variances.

Snow removal: Lower level of snow than anticipated.

Major streets			
Expenditures:			
Road maintenance	\$ 1,353,237	\$ 889,421	\$ 463,816
Traffic Services	917,561	684,236	233,325
Snow removal	808,441	608,959	199,482

Road maintenance/Traffic Services: The City's commitment to hold vacancies open and reduce expenditures resulted in positive variances.

Snow removal: Lower level of snow than anticipated.

Cable television			
Expenditures:			
Culture and recreation	\$ 1,100,817	\$ 740,935	\$ 359,882

The City's commitment to hold vacancies open and a budgeted capital purchase was deferred.

Block grant			
Expenditures:			
Community improvement	\$ 515,211	\$ 355,677	\$ 159,534

The variance is a result of the timing of program expenditures. Budget is comprised of current year allocation which was not totally expended in this fiscal year.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY

B. Budget Variances (continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
Library			
Expenditures:			
Administration	\$ 2,432,958	\$ 2,327,952	\$ 105,006
Adult reference	914,193	735,620	178,573
Children's division	648,563	488,700	159,863
Support services	909,357	761,930	147,427
Technology division	770,399	655,445	114,954

The City's commitment to hold vacancies open and reduce expenditures by changing hours of operation resulted in positive variances.

Michigan works grants

Expenditures:

Social services	\$ 3,320,887	\$ 2,101,251	\$ 1,219,636
-----------------	--------------	--------------	--------------

Less than anticipated federal funding requiring expenditures to be reduced.

C. Individual Fund Deficit Disclosure

The following individual fund has an accumulated deficit at June 30, 2013:

Block grant	\$ (140,715)
-------------	--------------

A majority of the deficit in the Block grant arises from expenditures made on community improvement projects which are funded through a reimbursable grant from Housing and Urban Development. There is a time lag between actual expenditure and requests for reimbursement; therefore, related grant revenues have been deferred and will be recognized in the subsequent year.

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Michigan Compiled Laws section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The City is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Pension and other post-employment benefits trust fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations and certain other specified investment vehicles.

The City has designated 16 financial institutions for the deposit of its funds. The investment policy adopted by the council in accordance with Public Act 196 of 1997 is in accordance with statutory authority; however, the City employs a more conservative investment policy and invests only in the highest rated commercial paper. The City participates only with qualified banks and primary investment firms that adhere to the specific guidelines established by industry practice for repurchase agreements. Guidelines require that securities underlying repurchase agreements must have a market value of at least 102% of the cost of the repurchase agreement.

The Southfield Employees Retirement System (SERS) designated one bank for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 is in accordance with statutory authority. Various professional investment managers are contracted to assist in the managing of these funds' assets.

The City's Fire and Police Retirement System (FPRS) designated one bank for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 is in accordance with statutory authority. Various professional investment managers are contracted to assist in the managing of these funds' assets.

The Southfield Retiree Health Care Benefits Plan & Trust System (RHC) designated one bank for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 is in accordance with statutory authority. Various professional investment managers are contracted to assist in the managing of these funds' assets.

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments (continued)

The City, pension funds, and other post-employment benefits trust funds' cash and investments are subject to several types of risk, which are examined in more detail:

Custodial credit risk of bank deposits:

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

City – The City's investment policy requires all investment transactions be conducted on a delivery versus payment basis. All securities, evidenced by a safekeeping receipt, shall be held by a third party custodian. At year end, the City had bank deposits (certificates of deposits, checking, and savings accounts) totaling \$28,984,385, of which \$25,234,897 were uninsured and uncollateralized. Included in the total deposits at year-end are component unit assets with a book balance of approximately \$12.5 million. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

SERS – The SERS investment policy does not have a deposit policy for custodial credit risk. At year end, the SERS had no bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized.

FPRS – The FPRS investment policy does not have a deposit policy for custodial credit risk. At year end, the FPRS had no bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized.

RHC – The RHC investment policy does not have a deposit policy for custodial credit risk. At year end, the RHC had no bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized.

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments (continued)

Interest rate risk:

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates.

At year end, the weighted average maturities of investments are as follows:

City – The City’s investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with an original maturity of 180 days or less.

Investments:	Fair Market Value	Weighted Average Maturity
FHLB	\$ 19,479,812	10.91 years
FNMA	8,342,575	9.40 years
U.S. treasury	4,912,110	4.78 years
Macomb interceptor drain dist	2,312,130	4.89 years
Michigan state	1,885,465	8.27 years
Local government investment pool	63,482,259	2.94 years

SERS – The SERS investment policy does not restrict investment maturities.

Corporate asset backed securities	\$ 310,534	20.51 years
Corporate bonds	5,946,428	9.42 years
Foreign bonds	361,988	6.59 years
U.S. government agencies	2,480,218	1.75 years
U.S. government collateralized mortgage obligations	6,817	9.05 years
U.S. government mortgage backed securities	2,152,287	21.00 years
U.S. treasury notes and bonds	3,616,771	6.07 years
Corporate private placement	189,030	9.54 years
Other	994,925	23.93 years
Mutual funds	5,481,615	8.44 years
High yield corporate bond series	1,100,481	Not available

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments (continued)

FPRS – The FPRS investment policy does not restrict investment maturities.

Investments:	Fair Market Value	Weighted Average Maturity
Corporate asset backed securities	\$ 38,236	1.59 years
Corporate bonds	29,895,412	1.72 years
Corporate bonds	22,736	Not available
U.S. government agencies	1,174,482	5.53 years
U.S. government agencies	19,318,425	Not available
U.S. government mortgage backed securities	2,366,995	5.78 years
U.S. government issued commercial mortgage backed securities	303,252	6.91 years
Municipal bonds	2,360,033	4.93 years
Other	621,419	0.83 years
Other - enervest divsfd in trust units	264,820	Not available
Real estate mortgage	3,420,000	Not applicable

RHC – The RHC investment policy does not restrict investment maturities.

Loomis sayles inv gr - y	\$ 6,522,619	8.39 years
Loomis sayles global bond fund	5,609,942	7.14 years
Comerica aggreg bd index fd - 584	4,603,430	7.13 years

FPRS – At year end, the weighted average maturities of securities lending investments are as follows:

Collateral pool	\$ 33,264,761	0.24 years
-----------------	---------------	------------

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments (continued)

Credit risk:

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations.

As of year-end, the credit quality ratings of debt securities and pooled investments (other than the U.S. government) are as follows:

City – The City has no investment policy that would further limit its investment choices.

Investments:	Fair Value	Rating	Rating Organization
US government securities	\$ 27,822,387	AA+ / Aaa	S&P / Moody's
U.S. treasury	4,912,110	AA+ / Aaa	S&P / Moody's
Macomb interceptor drain dist	2,312,130	AAA / NR	S&P / Moody's
Michigan state	1,885,465	AA-/Aa2	S&P / Moody's
Bank investment pool (Comerica j-fund)	2,280,934	A1	Moody's
Local government investment pool	63,482,259	Not rated	N/A

SERS – The SERS has no investment policy that would further limit its investment choices.

Corporate asset backed securities	\$ 310,534	NR	N/A
Corporate bonds	544,944	AA	S&P
Corporate bonds	3,123,442	A	S&P
Corporate bonds	2,278,041	BBB	S&P
Private placement	189,030	A	S&P
Foreign bonds	101,662	AA	S&P
Foreign bonds	260,326	A	S&P
U.S. government agencies	2,480,218	AA	S&P
Collateralized mortgage obligations	6,817	Not rated	N/A
Mortgage backed securities	2,152,287	Not rated	N/A
Other	994,925	Not rated	N/A
U.S. treasury notes and bonds	3,616,770	Not rated	N/A
Mutual funds	3,497,238	AAA	S&P
Mutual funds	20,888	A	S&P
Mutual funds	1,963,489	BBB	S&P
High yield corporate bond series	1,100,481	N/A	N/A

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments (continued)

FPRS – The FPRS has no investment policy that would further limit its investment choices.

Investments:	Fair Value	Rating	Rating Organization
Corporate asset backed securities	\$ 38,236	A	Moody's
Corporate bonds	1,156,679	Aa	Moody's
Corporate bonds	5,274,241	A	Moody's
Corporate bonds	20,589,123	Baa	Moody's
Corporate bonds	1,603,822	Ba	Moody's
Corporate bonds	1,271,548	Not rated	N/A
Corporate bonds	22,736	Not rated	N/A
U.S. government agencies	1,055,296	Aaa	Moody's
U.S. government agencies	119,186	Aa	Moody's
Real estate mortgage	3,420,000	Not rated	N/A
Municipal bonds	686,008	Aa	Moody's
Municipal bonds	422,926	A	Moody's
Municipal bonds	108,997	Baa	Moody's
Municipal bonds	1,142,101	Not rated	N/A
Other	886,239	Not rated	N/A

RHC – The RHC has no investment policy that would further limit its investment choices.

Investments:	Fair Value	Rating	Rating Organization
Loomis sayles inv gr - y (23.1%)	\$ 1,506,725	Aaa	Moody's
Loomis sayles inv gr - y (3.5%)	228,292	Aa	Moody's
Loomis sayles inv gr - y (21.1%)	1,376,273	A	Moody's
Loomis sayles inv gr - y (40.0%)	2,609,048	Baa	Moody's
Loomis sayles inv gr - y (4.4%)	286,995	Ba	Moody's
Loomis sayles inv gr - y (2.0%)	130,452	B	Moody's
Loomis sayles inv gr - y (1.1%)	71,749	Caa or Lower	Moody's
Loomis sayles inv gr - y (2.3%)	150,020	Not rated/other	Moody's
Loomis sayles inv gr - y (2.5%)	163,065	Cash & equivalents	Moody's
Loomis sayles global bond fund (37.9%)	2,126,168	Aaa	Moody's
Loomis sayles global bond fund (23.9%)	1,340,776	Aa	Moody's
Loomis sayles global bond fund (18.2%)	1,021,009	A	Moody's
Loomis sayles global bond fund (17.3%)	970,520	Baa	Moody's
Loomis sayles global bond fund (1.8%)	100,979	Ba	Moody's
Loomis sayles global bond fund (0.9%)	50,489	B	Moody's
Comerica aggreg bd index fd - 584	4,603,430	Aa1/Aa2	Moody's

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments (continued)

As of year-end, the credit quality ratings of securities lending are as follows:

FPRS –

Investments:	Fair Value	Rating	Rating Organization
Collateral pool	\$ 33,264,761	A1+	Moody's

Of the total investment disclosures for City accounts, approximately \$12.5 million relate to discretely presented governmental component units which were combined with the City's investment account balance for purposes of this disclosure.

Concentration of credit risk:

City –

Investments:	Fair Market Value	%
FHLB	\$ 19,479,812	14.79
FNMA	8,342,575	6.34
U.S treasury	4,912,110	3.73
Macomb interceptor drain dist	2,312,130	1.76
Michigan state	1,885,465	1.43

SERS - The SERS places no limit on the amount they may invest in any one issuer. There is no concentration of credit risk to disclose.

FPRS – The FPRS places a 10% limit on the amount they may invest in any one issuer. There is no concentration of credit risk to disclose.

RHC – The RHC places no limit on the amount they may invest in any one issuer. There is no concentration of credit risk to disclose.

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments (continued)

Foreign currency risk:

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U. S. dollar value, as a result of changes in foreign currency exchange rates.

City – The City does not have any securities subject to foreign currency risk.

SERS –The SERS does not restrict the amount of investments in foreign. There were no securities subject to foreign currency risk at June 30, 2013.

The following securities are subject to foreign currency risk:

FPRS – The FPRS does not restrict the amount of the investments in foreign currency.

<u>Security</u>	<u>Foreign Currency</u>	<u>Fair Value</u>
Equities	Australian dollars	\$ 194,011
Cash & equivalents	Australian dollars	342,765
Equities	Canadian dollars	553,624
Fixed income	Canadian dollars	285,708
Cash & equivalents	Canadian dollars	183,979
Equities	British pound sterling	6,730,711
Cash & equivalents	British pound sterling	61,780

RHC –

Fixed income	Euro - 19.7%	\$ 1,105,159
Fixed income	Japanese yen - 12.0%	673,193
Fixed income	British pound sterling - 7.0%	392,696
Fixed income	Canadian dollars - 4.3%	241,228
Fixed income	Mexican peso - 3.7%	207,568
Fixed income	Malasian ringgit - 2.3%	129,029
Fixed income	Norwegian krone - 2.0%	112,199
Fixed income	New zealand dollar - 1.8%	100,979
Fixed income	Australian dollar - 1.4%	78,539
Fixed income	Other currencies - 6.3%	347,816

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments (continued)

Securities lending arrangements:

SERS – As permitted by state statutes and under the provisions of a securities lending authorization agreement, the SERS lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The SERS's custodial bank manages the securities lending program and receives cash as collateral. Borrowers are required to deliver collateral for each loan equal to not less than 100 percent of the market value of the loaned securities. During the year ended June 30, 2013, only United States currency was received as collateral.

The SERS did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers.

The SERS and the borrower maintain the right to terminate all securities lending transactions on demand. On June 30, 2013, the SERS had no credit risk exposure to borrowers. The collateral held and the fair market value of underlying securities on loan for the SERS as of June 30, 2013 was \$1,817,677 and \$1,971,181, respectively.

FPRS – As permitted by state statutes and under the provisions of a securities lending authorization agreement, the FPRS lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The FPRS's custodial bank manages the securities lending program and receives cash as collateral. Borrowers are required to deliver collateral for each loan equal to not less than 100 percent of the market value of the loaned securities. During the year ended June 30, 2013, only United States currency was received as collateral. The cash collateral is invested in a pool by Northern Trust on behalf of the FPRS.

The FPRS did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

The FPRS and the borrower maintain the right to terminate all securities lending transactions on demand. On June 30, 2013, the FPRS had no credit risk exposure to borrowers. The collateral held and the fair market value of underlying securities on loan for the FPRS as of June 30, 2013 was \$33,507,886 and \$32,692,008, respectively.

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments (continued)

Restricted Assets

The following is the detail of the governmental type activities (includes associated governmental funds) restricted assets at June 30, 2013:

Governmental funds (with associated governmental funds):

Capital Projects:

Funds held by Oakland County drain commissioner to be used for construction and maintenance of drains \$ 37,130

Internal Service:

Funds on deposit held by the insurance carrier related to workers' comp and general insurance accruals 2,922,317

Total restricted assets \$ 2,959,447

B. Receivables and Deferred Revenue

The major components of deferred revenues reported on the Balance Sheet as of June 30, 2013 were as follows:

	Taxes	Special	Miscellaneous	Grants	Grants	Total
Governmental activities:	<u>Unavailable</u>	<u>assessments</u>	<u>receivables</u>	<u>Unavailable</u>	<u>Unearned</u>	
General fund	\$ 304,353		\$ 791,948	\$ 306,763		\$ 1,403,064
Local streets	34,156					34,156
Other non-major funds	<u>140,913</u>	<u>\$ 517,069</u>	<u>182,534</u>		<u>\$ 230,975</u>	<u>1,071,491</u>
Total governmental activities	<u>\$ 479,422</u>	<u>\$ 517,069</u>	<u>\$ 974,482</u>	<u>\$ 306,763</u>	<u>\$ 230,975</u>	<u>\$ 2,508,711</u>
		<u>Unavailable</u>			<u>Unearned</u>	
	Total	<u>\$ 2,277,736</u>			<u>\$ 230,975</u>	

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

B. Receivables and Deferred Revenue (continued)

The major components of receivables reported on the Balance Sheet as of June 30, 2013 were as follows:

	Special assessments	Accrued interest	Accounts	Accrued revenue	Delinquent taxes	Total
Governmental activities:						
General fund		\$ 44,509	\$ 1,058,841	\$ 3,601,443	\$ 526,028	\$ 5,230,821
Local streets		1,089	831	185,019	40,553	227,492
Other non-major funds	\$ 528,349	31,855	43,325	1,428,707	169,137	2,201,373
Total governmental funds	528,349	77,453	1,102,997	5,215,169	735,718	7,659,686
Associated governmental activities:						
Internal service funds		21,424				21,424
Total governmental activities	\$ 528,349	\$ 98,877	\$ 1,102,997	\$ 5,215,169	\$ 735,718	\$ 7,681,110
Component units-governmental:						
Brownfield re-development authority					\$ 81,363	\$ 81,363
Joint-local development finance authority		\$ 2,352			40,764	43,116
Cornerstone development authority		1,892			67,115	69,007
Tax increment finance authority		5,872				5,872
Local development finance authority		6,401			56,362	62,763
Southfield growth corporation				\$ 25,802		25,802
Total component units-governmental		\$ 16,517		\$ 25,802	\$ 245,604	\$ 287,923
Business-type activities:						
Water and sewer fund		\$ 37,879	\$ 13,086,375	\$ 172,081		\$ 13,296,335

The only receivable not expected to be collected within one year is the delinquent taxes.

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

C. Capital Assets

A summary of governmental property and equipment at June 30, 2013, follows:

	Balance July 1, 2012	Additions	Disposals & Reduction to CIP	Balance June 30, 2013
GOVERNMENTAL ACTIVITIES				
General				
Capital assets, not being depreciated:				
Land	\$ 10,714,797	\$ 558,150		\$ 11,272,947
Construction in progress	2,416,296	1,783,717	\$ 885,947	3,314,066
Total capital assets not being depreciated	<u>13,131,093</u>	<u>2,341,867</u>	<u>885,947</u>	<u>14,587,013</u>
Capital assets, being depreciated				
Land improvements	25,262,347	313,991		25,576,338
Building and improvements	69,649,210	927,848		70,577,058
Infrastructure	116,940,551	1,021,734		117,962,285
Intangibles	2,156,991	43,225		2,200,216
Drain usage rights	11,777,407			11,777,407
Equipment	7,134,156	252,265		7,386,421
Total capital assets being depreciated	<u>232,920,662</u>	<u>2,559,063</u>		<u>235,479,725</u>
Less accumulated depreciation:				
Land improvements	12,330,966	894,445		13,225,411
Building and improvements	31,479,474	2,056,882		33,536,356
Infrastructure	58,013,019	4,067,882		62,080,901
Intangibles	936,051	133,013		1,069,064
Drain usage rights	4,657,745	461,932		5,119,677
Equipment	5,183,918	472,306		5,656,224
Total accumulated depreciation	<u>112,601,173</u>	<u>8,086,460</u> (a)		<u>120,687,633</u>
Total general capital assets being depreciated, net	<u>120,319,489</u>	<u>(5,527,397)</u>	<u>-</u>	<u>114,792,092</u>
Internal Service				
Capital assets, being depreciated				
Intangibles	385,338	54,975	159,455	280,858
Equipment	23,117,168	1,563,268	400,966	24,279,470
Total capital assets being depreciated	<u>23,502,506</u>	<u>1,618,243</u>	<u>560,421</u>	<u>24,560,328</u>
Less accumulated depreciation:				
Intangibles	227,830	17,908	138,696	107,042
Equipment	18,187,283	1,499,532	418,614	19,268,201
Total accumulated depreciation	<u>18,415,113</u>	<u>1,517,440</u>	<u>557,310</u>	<u>19,375,243</u>
Total internal service capital assets being depreciated, net	<u>5,087,393</u>	<u>100,803</u>	<u>3,111</u>	<u>5,185,085</u>
Governmental activity capital assets depreciable, net	<u>\$ 125,406,882</u>	<u>\$ (5,426,594)</u>	<u>\$ 3,111</u>	<u>\$ 119,977,177</u>

(a) Depreciation expense, net was charged to governmental activities as follows:

General government	\$ 653,122
Public safety	390,949
Highways and streets	4,070,540
Public services	672,532
Culture and recreation	2,299,317
Total	<u>\$ 8,086,460</u>

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

C. Capital Assets (continued)

A summary of business-type property and equipment at June 30, 2013, follows:

Water and Sewer Fund	Balance July 1, 2012	Additions	Disposals & Reduction to CIP	Balance June 30, 2013
Capital assets, not being depreciated:				
Construction in progress	\$ 1,252,069	\$ 2,548,061	\$ -	\$ 3,800,130
Capital assets, being depreciated:				
Infrastructure	123,993,541	2,756,479		126,750,020
Intangibles	1,507,498			1,507,498
Equipment	1,367,643	14,529		1,382,172
Total water and sewer fund	<u>126,868,682</u>	<u>2,771,008</u>	<u>-</u>	<u>129,639,690</u>
Less accumulated depreciation:				
Infrastructure	64,214,363	4,672,165		68,886,528
Intangibles	597,287	75,904		673,191
Equipment	1,017,749	48,990		1,066,739
Total accumulated depreciation	<u>65,829,399</u>	<u>4,797,059</u>	<u>-</u>	<u>70,626,458</u>
Total capital assets, being depreciated	61,039,283	(2,026,051)	-	59,013,232
Total capital assets	<u>\$ 62,291,352</u>	<u>\$ 522,010</u>	<u>\$ -</u>	<u>\$ 62,813,362</u>

A summary of discretely presented component unit property and equipment at June 30, 2013, follows:

Cornerstone Development Authority	Balance July 1, 2012	Additions	Disposals & Reduction to CIP	Balance June 30, 2013
Capital assets, being depreciated				
Land improvement	\$ 265,066			\$ 265,066
Less: accumulated depreciation	6,627	\$ 13,253		19,880
Total capital assets, being depreciated	<u>\$ 258,439</u>	<u>\$ (13,253)</u>	<u>\$ -</u>	<u>\$ 245,186</u>

Construction and Other Significant Commitments

At year end the City's commitments with contractors are as follows:

	Commitments
Street construction	\$ 1,365,299
Equipment	90,373
Building improvements	125,901
Water system improvements	1,410,808
	<u>\$ 2,992,381</u>

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

D. Long-Term Debt and Other Obligations

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both the governmental and business-type activities. For purposes of this exhibit, the portion of debt due within a year is included in the total.

	July 1, 2012	Additions	Deductions	June 30, 2013	Due - 1 Year	Due - More 1 Year
GOVERNMENTAL ACTIVITIES						
General obligation debt						
* 1.625% to 5.375 % Drains-at-large, City's share of county debt						
City's share of county debt	\$ 7,454,826		555,790	6,899,036	570,723	6,328,313
4.75% to 5.5% Library building authority general obligation Limited Tax	25,935,000		820,000	25,115,000	915,000	24,200,000
2.5% to 4.5% - 2003 general obligation limited tax	3,770,000		3,510,000	260,000	260,000	
1.78% -2012 general obligation limited tax refunding		3,430,000		3,430,000	45,000	3,385,000
Unamortized discounts on bonds	(58,312)	6,373		(51,939)		(51,939)
3.25% to 4.0% Michigan transportation fund bonds	8,270,000		880,000	7,390,000	920,000	6,470,000
Total governmental debt	45,371,514	3,436,373	5,765,790	43,042,097	2,710,723	40,331,374
Other long-term obligations						
Compensated absences	8,293,859	3,201,820	3,134,363	8,361,316	3,260,913	5,100,403
Michigan tax tribunal contingency	4,631,018	1,945,028	6,138,341	437,705		437,705
ASSOCIATED GOVERNMENTAL ACTIVITIES						
Compensated absences	427,192	21,662	98,079	350,775	129,595	221,180
Total governmental long-term debt	\$ 58,723,583	8,604,883	15,136,573	52,191,893	6,101,231	46,090,662
BUSINESS-TYPE ACTIVITIES						
State of Michigan water supply and sewage disposal bonds series 1999 2.25 to 2.5%						
	\$ 19,348,789		1,960,000	17,388,789	2,015,000	15,373,789
Other long-term obligations						
Compensated absences	200,924	47,972	60,688	188,208	69,541	118,667
Total business-type long-term debt	19,549,713	47,972	2,020,688	17,576,997	2,084,541	15,492,456
GOVERNMENTAL COMPONENT UNITS ACTIVITIES						
Other long-term obligations						
Long-term advances	3,002,314		266,846	2,735,468		2,735,468
Compensated absences	5,547	5,247	1,941	8,853		8,853
Michigan tax tribunal contingency	175,150	73,298	211,799	36,649		36,649
Total governmental component units long-term debt	3,183,011	78,545	480,586	2,780,970		2,780,970
Total debt	\$ 81,456,307	8,731,400	17,637,847	72,549,860	8,185,772	64,364,088

* A portion of the deductions are recorded in the Local streets fund

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

D. Long-Term Debt and Other Obligations (continued)

The City has pledged its full faith and credit for the bonded indebtedness of the City of Southfield Building Authority and Southfield Library Building Authority.

The Economic Development Corporation (EDC) has issued revenue bonds collateralized by a promissory note from certain commercial enterprises receiving the proceeds of the bonds. Since the EDC has assigned its interest in the notes receivable to the trustees of the revenue bonds, and since the revenue bonds are not an obligation of the City, the revenue bonds and related notes receivable have not been reflected in the combined financial statements of the City.

By statute, the City's general obligation and component unit debt in the aggregate is restricted to 10% of the state equalized value of all property within the City. The City's special assessment debt is restricted to 12%. The City currently has no outstanding special assessment debt. For the current year, the state equalized value of the property within the City was \$ 2,666,781,810. The City has issued and outstanding \$35,704,036 of general obligation bonds, subject to a limit of \$266,678,181.

The contractual obligations to the State within the Business-type activities in the previous exhibit are the result of the State issuance of bonds on the City's behalf. The City has pledged substantially all revenue of the water and sewer fund, net of operating expenses, to repay the above water and sewer revenue bonds. Proceeds from the bonds provided financing for the construction of the water and sewer mains to include the west side of the City. The bonds are payable solely from the net revenues of the water and sewer system. The remaining principal and interest to be paid on the bonds is \$19,353,000. During the current year, net operating revenues of the system, was \$5,315,080 compared to the annual debt requirement excluding accruals of \$2,417,340.

The annual requirements (excluding the other long-term obligations) on bonded debt to pay principal and to pay interest on debt outstanding at June 30, 2013 (in thousands of dollars) are as follows:

	Governmental activities			Business-type Water and sewer		
	Prin.	Int.	Total	Prin.	Int.	Total
2014	\$ 2,711	\$ 1,968	\$ 4,679	\$ 2,015	\$ 422	\$ 2,437
2015	2,864	1,732	4,596	2,065	373	2,438
2016	3,023	1,623	4,646	2,120	323	2,443
2017	3,192	1,507	4,699	2,170	272	2,442
2018	3,389	1,384	4,773	2,225	220	2,445
2019	3,570	1,251	4,821	2,267	166	2,433
2020	3,749	1,108	4,857	2,215	111	2,326
2021	2,662	957	3,619	1,565	58	1,623
2022	2,723	846	3,569	747	19	766
2023	2,619	731	3,350			
2024	2,519	615	3,134			
2025	1,712	511	2,223			
2026	1,703	414	2,117			
2027	1,693	331	2,024			
2028	1,683	247	1,930			
2029	1,667	164	1,831			
2030	1,615	81	1,696			
Total	\$ 43,094	\$ 15,470	\$ 58,564	\$ 17,389	\$ 1,964	\$ 19,353

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

D. Long-Term Debt and Other Obligations (continued)

Advance Refundings:

During the year, the City issued \$3,430,000 in general obligation (revenue) bonds with an average interest rate of 1.78%. The proceeds of these bonds were used to advance refund \$3,260,000 of outstanding General obligation bonds with an average interest rate of 4.06%. The net proceeds of \$3,387,861 (after payment of \$42,139 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed. The advance refunding reduced total debt service payments over the next 10 years by approximately \$372,041, which represents an economic gain of approximately \$340,094.

At June 30, 2013, \$3,260,000 million of bonds outstanding are considered defeased.

E. Interfund Balances and Transfers

Interfund receivable and payable balances related to the governmental, associated governmental and business-type funds at June 30, 2013 are as follows:

Receivable Fund	Payable Fund					Total payable fund						
	General fund	Local streets	Non-major funds	Internal service funds	Water and sewer fund							
General fund	\$	872,407	\$	995,502		\$	1,867,909					
Local streets				71,539			71,539					
Non-major funds	\$	616,833	2,583,430	201,796	\$	53,307	3,455,366					
Total governmental activities		616,833	3,455,837	1,268,837	53,307	\$	-	5,394,814				
Associated governmental activities:												
Internal service funds		469,629	114,081	312,223		94,875	990,808					
Water and sewer fund		8,532					8,532					
Total receivable fund	\$	1,094,994	\$	3,569,918	\$	1,581,060	\$	53,307	\$	94,875	\$	6,394,154

The above interfund balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. All interfund balances are expected to be collected within one year.

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

E. Interfund Balances and Transfers (continued)

Interfund transfer revenues and expenditures related to the governmental & associated governmental funds at June 30, 2013 are as follows:

<u>Transfers Out:</u>	<u>Transfers In:</u>		<u>Total</u>
	<u>General</u>	<u>Non-major</u>	
	<u>fund</u>	<u>governmental funds</u>	<u>transfers out</u>
Governmental activities:			
General fund		\$ 141,884	\$ 141,884
Local streets		2,332,449	2,332,449
Other non-major funds		511,219	511,219
Total governmental activities \$	-	2,985,552	2,985,552
Associated governmental activities:			
Internal service	397,153	182,983	580,136
Business-type activities:			
Water and sewer fund		986,505	986,505
Total transfers in	\$ <u>397,153</u>	\$ <u>4,155,040</u>	\$ <u>4,552,193</u>

For the most part, interfund transfers occur during the normal course of operations to fund capital projects. In some cases dedicated millage revenues are recorded in individual special revenue funds and are used by other funds for debt payments.

Advances by the Local improvement revolving fund to other primary government funds and component units are as follows:

PRIMARY GOVERNMENT

Non-major governmental

Parks & recreation	\$ 24,602
Capital improvement	1,782,045
Special assessment construction	360,948
Total primary government	\$ <u>2,167,595</u>

GOVERNMENTAL COMPONENT UNITS

Local development finance authority	\$ 1,401,386
Neighborhood stabilization program	1,334,082
Total component units	\$ <u>2,735,468</u>

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

A. Fund Balance Constraints

The detail of the various components of fund balance is as follows:

	Major funds		Non-major funds
	General fund	Local streets	Other governmental
Non-spendable			
Prepays	\$ 823,246		\$ 100,832
Inventory	303,725		
Restricted for:			
Right-of-way funds/metro authority	1,520,237		
Sanitation reserve	162,531		
Deposits held with Oakland County			37,130
Deposits held for Lahser road project			451,882
Major streets			3,084,139
Local streets		\$ 1,985,106	
Parks and recreation			4,461,045
Cable PEG fees			1,079,735
Drug law enforcement			640,691
Grants			150,451
Library			5,140,766
Michigan works grants			96,571
Auto theft grant			13,772
Donations, memorial trusts & sponsorships			792,683
Drains-at-large debt			595,096
Library building authority construction			727,152
Special assessment construction			496,857
Committed to:			
Specific programs (General)			
Dispatch improvements	735,021		
Emergency cleanup	645,364		
Equalization reserve	2,000,000		
Tax base initiatives reserve	6,000,000		
Specific programs (Cable television)			
Franchise fees – general cable operations			3,144,000
Equipment replacement			250,000
Donations, memorial trusts & sponsorships			182,120
Special assessment construction			241,536
Assigned to:			
* Encumbrances	166,529		
Subsequent year's expenditures	2,200,000		
Capital improvement construction			1,819,401
Special assessment construction			1,791,523
Unassigned			
General fund	1,932,931		
Block grant			(140,715)
	<u>\$ 16,489,584</u>	<u>\$ 1,985,106</u>	<u>\$ 25,156,667</u>

* General fund encumbrances relate to computer and other contractual & professional services

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

A. Fund Balance Constraints (continued)

Of the amounts restricted for Local streets, Major streets, Parks and recreation, Library and Drains-at-large, Council has placed additional constraints on those amounts in order to earmark a portion for the following purposes:

	Non-major funds
	<u>Other governmental</u>
Council approved earmarks on restricted assets:	
Specific programs (Local streets)	
Equalization reserves	\$ 154,200
Specific programs (Major streets)	
Equalization reserves	16,000
Specific programs (Parks and recreation)	
Equalization reserves	243,400
Bedford woods	144,243
Handicapped programs	
SMART programs	31,552
Specific programs (Library)	
Equalization reserves	350,000
Capital projects	554,676
Residential program initiatives	29,754
Technological development	133,633
Specific programs (Drains-at-large)	
Equalization reserves	50,000

B. Property Taxes

Property taxes are levied each July 1 on the taxable value of property, as equalized by the State at 50% of estimated market value as of the preceding December 31 and subject to the tax limitations prescribed by state law. The state equalized valuation of real and personal property located in the City, based on the December 31, 2011 valuation, was \$2,666,781,810 and the unadjusted taxable value was \$2,522,981,550. The City's operating tax rate is 6.6094 which is the charter limit reduced by the Headlee Amendment. With the newly voted millage and the other previously authorized millage, including those for special operations, pensions and debt retirements, the total tax rate for the City is 23.7218 (excluding the CDA millage). The sum of these rates generated \$59,318,129 in property tax revenues reported on the financial statements net of adjustments.

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

B. Property Taxes (continued)

In 1994, Proposal A/Public Act 415 was approved by Michigan voters. It requires that annual increases in the taxable value of individual properties that remain in the same ownership be limited to the lesser of five percent or the rate of inflation. Properties are adjusted to market value for purposes of property taxation only at the time of sale or transfer. Utilizing a 2012 rate of inflation cap of 2.7%, the City of Southfield's 2011-12 State Equalized Evaluation (SEV) of \$2,666,781,810 was capped at a Taxable Assessed Valuation (TAV) of \$2,522,981,550.

Taxes are due July 1 and December 1 (the lien dates) and are collectible through August 31 and February 14, respectively (the collection dates), without penalty. The tax levy is based on a December 31 assessment date. After February 28, all taxes are declared delinquent. Delinquent property taxes are turned over to the County Treasurer who assumes responsibility for their collection and, at the same time, reimburses the City for the total amount of delinquent real property taxes.

C. Contingencies

Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for employee medical benefit claims. The City participates in the Michigan Municipal Risk Management Authority (MMRMA) risk pool for claims relating to bodily injury, personal injury, property damage to property of others and City owned property, public officials and law enforcement liability, and statutory Michigan "no fault" for owned automobiles. The City is self-insured for workers compensation claims up to \$600,000 per occurrence. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The MMRMA program is approved and regulated by the Michigan Insurance Bureau and provides coverage of \$15 million per occurrence, with the first \$250,000 self insured retention being the responsibility of the City for all liability claims. For property damage claim coverage, the MMRMA provides combined property coverage of \$167 million, with the City's self insured retention responsibility being as follows;

	City's Self Insured Retention
Vehicle Damage	\$1,000 per vehicle for any vehicle with a value greater than \$15,000. Fully responsible for vehicles with a value under \$15,000.
Property and Crime	\$2,500 deductible
Sewage System Outflow	\$500,000 per occurrence

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

C. Contingencies (continued)

The City estimates the liability for workers compensation and general property and liability claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. The estimates are recorded in the Insurance risk retention fund.

Changes in the estimated liability for the past two fiscal years were as follows:

	2013	2012
Estimated liability - beginning of year	\$ 1,785,061	\$ 1,936,160
Estimated claims incurred, including reinsurance premiums and changes in estimates	1,154,027	1,617,926
Claim and insurance premium payments and reinsurance recoveries	<u>(1,245,465)</u>	<u>(1,769,025)</u>
Estimated liability - end of year	<u>\$ 1,693,623</u>	<u>\$ 1,785,061</u>

Litigation

The City is a defendant to various claims, legal actions and complaints arising in the ordinary course of business. The City denies the allegations and plans a vigorous defense. In the opinion of legal counsel, all such matters as indicated above are adequately covered by insurance, or if not so covered, are without merit or of such kind, or involve such amounts that an unfavorable disposition would not have a material effect on the financial position of the City.

Tax Appeals to the Michigan Tax Tribunal

The City has several outstanding property tax assessment appeals totaling \$175,157,446 in taxable value to the Michigan Tax Tribunal. The City estimates the full contested amount in tax dollars to be \$3,967,628 for the governmental funds, exclusive of interest and penalties. However, based on management's analysis in conjunction with their third party attorney, the City believes the true potential loss to be \$1,190,288. The City considers tax appeals similar to other claims and judgments and accordingly any adjustments are reported at the time the Tribunal issues its ruling.

D. Pension Trusts

Plan Description

The Southfield Employee Retirement System (SERS) plan is an ordinance-based, single-employer defined benefit plan that covers career personnel of the City, other than the City Attorney, who has an individual retirement plan by contract, and sworn police officers and firefighters. Sworn fire and police employees are members of the Fire and Police Retirement System (FPRS), a local plan adopted under state statute (Act 345). Management group employees and elected department heads hired after June 1, 2005, who are otherwise eligible for membership in SERS, may opt out of SERS

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

D. Pension Trusts (continued)

membership in favor of a defined contribution plan. Effective March 31, 1997, newly-elected judges of the 46th District Court are ineligible for participation in the local pension plan.

SERS employee contribution rates are determined by bargaining agreements, or the pension ordinance. To be eligible for regular retirement, a SERS member hired prior to June 1, 2005 (or later date based on collective bargaining agreements) must meet one of the following conditions: attain age 57 years with 25 years of service; age 65 years with 5 years of service; age 62 years with 20 or more years of service; or members may retire when their age plus years of credited service equals 82. SERS members hired on or after June 1, 2005 (or later date based on collective bargaining agreements) must meet one of the following conditions: attain age 57 with 25 years of service; age 65 with 10 years of service; or age 62 with 20 years of service. The pension benefit is a percentage (2.5% for employees hired prior to June 1, 2005 and 2.0% for employees hired after June 1, 2005) of final average compensation multiplied by the total years of service credit, with applicable reductions based on retirement option selections. The multiplier in effect is determined by bargaining agreements or the pension ordinance.

The City of Southfield's Act 345 Fire and Police Retirement System (FPRS) is a single employer plan consisting of a defined contribution plan and a defined benefit plan. The system covers all sworn firefighters and police officers. Employee contribution rates are determined by bargaining agreements and Act 345.

To be eligible to retire under the provisions of a service retirement, a member must attain at least 20 years of service credit with the FPRS. The current benefit is calculated using 2.8 percent (2.5 percent for new Fire employees starting September 2011 and new Police patrol employees starting February 23 2013) of final average compensation multiplied by a maximum of 25 years service credit, with applicable reductions based on retirement options.

Both systems provide for a lump sum withdrawal of the accumulated refundable employee contributions and accrued interest; which are refunded to a member from the defined contribution plan account at the time of retirement. Contributions made after a certain date are non-refundable according to City collective bargaining agreements and or City Council resolution. A lifetime monthly defined benefit pension is also provided. Members are vested into the defined benefit plan once they attain 10 years of service. A vested deferred pension is provided as long as the member leaves the accumulated contributions and accrued interest with the retirement system until retirement age.

Employer contribution rates are actuarially determined for both the SERS and FPRS plans. Each retirement system also provides disability, death and vested deferred benefits which have their own specific eligibility requirements, calculation provisions and health insurance options as provided by either FPRS or SERS. Employees are not permitted to receive loans from either plan.

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

D. Pension Trusts (continued)

Based on the most recent actuarial valuations of the plans as of June 30, 2012, membership for each plan is as follows:

	SERS	FPRS	Total
Active members			
Vested	238	163	401
Nonvested-Tier I	42	62	104
Nonvested-Tier II	17		17
Total active members	<u>297</u>	<u>225</u>	<u>522</u>
Retirees and beneficiaries	310	295	605
Inactive vested members	<u>30</u>	<u></u>	<u>30</u>
	<u><u>637</u></u>	<u><u>520</u></u>	<u><u>1,157</u></u>

Assets in both plans represent investments used to fund retirement pension benefits for members of the plans. Retirement investments are subject to a number of restrictions stipulated by state law as to the type, quality and concentration of investments. A separate financial report is not issued for the pension plans.

Actuarial Cost Method

- 1) Normal cost and the allocation of benefit values between service rendered before and after the valuation date was determined using an individual entry-age actuarial cost method having the following assumptions.
 - The annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the members benefit at the time of retirement
 - Each annual normal cost is a constant percentage of the members year-by-year projected covered pay.
- 2) Unfunded actuarial accrued liabilities were amortized by level (principal and interest combined) percent-of-payroll contributions over a period of 28 years for SERS and 25 years for FPRS on a closed basis for both plans. Unfunded actuarial accrued liabilities (the portion of total liabilities not covered by present assets or expected future normal cost contributions) were amortized by level percent-of-payroll contributions.

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

D. Pension Trusts (continued)

Funded Status and Funding Progress

The schedules of funding progress, presented as Required Supplemental Information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of the plan's assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Southfield Employees Retirement System (SERS) – as of June 30, 2012 valuation, the plan was 68.0 percent funded. The actuarial accrued liability for benefits was \$138.0 million, and the actuarial value of assets was \$93.6 million resulting in an unfunded actuarial accrued liability of \$44.1 million. The covered payroll (annual payroll for active employees covered by the plan) was \$15.4 million. The ratio of the unfunded actuarial accrued liability to the covered payroll was 287.2%.

Fire and Police Retirement System (FPRS) – as of June 30, 2012 valuation, the plan was 82.3 percent funded. The actuarial accrued liability for benefits was \$211.8 million, and the actuarial value of assets was \$174.2 million resulting in an unfunded actuarial accrued liability of \$37.6 million. The covered payroll (annual payroll for active employees covered by the plan) was \$19.0 million, and the ratio for the actuarial accrued liability to the covered payroll was 198.2%.

Reserves

As of June 30, 2013 the plans legally required reserves have been fully funded as follows:

	SERS	FPRS
Employee's contributions	\$ 3,971,915	\$ 11,738,530
Employer's contributions	17,557,253	46,839,780
Retired benefit payments	<u>82,736,203</u>	<u>122,796,805</u>
Total	<u>\$ 104,265,371</u>	<u>\$ 181,375,115</u>

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

D. Pension Trusts (continued)

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the SERS and FPRS for the current year are as follows:

	2013	SERS 2012	2011
Annual required contribution/pension cost	\$ 2,498,235	\$ 2,677,559	\$ 2,804,144
Contribution made	<u>(2,498,235)</u>	<u>(2,677,559)</u>	<u>(2,804,144)</u>
Increase (decrease) in net pension obligation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	2013	FPRS 2012	2011
Annual required contribution/pension cost	\$ 5,107,319	\$ 4,004,031	\$ 3,229,416
Contribution made	<u>(5,107,319)</u>	<u>(4,004,031)</u>	<u>(3,229,416)</u>
Increase (decrease) in net pension obligation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Contributions Required and Contributions Made

The City's funding policy provides for periodic employer and employee contributions to both plans expressed as percentages of annual-covered payroll which are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using an entry-age actuarial funding method. Actuarial assumptions include an assumed rate of inflation of 3.5%, an assumed investment income rate of 8% for SERS and a 5 year smooth market. Actuarial assumptions include an assumed rate of inflation of 4.0%, an assumed investment income rate of 7.75% for FPRS and a 4 year smoothed market asset valuation method prior to 6/30/12 and 5 year smoothed market asset valuation method starting 6/30/12. If the number of active members remains constant, then the total active member payroll projected salary increases are 3.5 to 9.5% for seniority/merit in SERS which includes 3.5% annually for inflation, and 4.0 to 9.0% for seniority/merit in FPRS which includes 4.0% annually for inflation. Each annual normal cost is a constant percentage of the members' year by year projected covered pay. The funding credit and unfunded actuarial accrued liabilities are amortized as a level percent of payroll over a period of 28 years for SERS and 25 years for FPRS. The aggregate unfunded actuarial accrued liability/full funding credit for the FPRS is not amortized. The interest on the full funding credit offsets normal cost contributions.

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

D. Pension Trusts (continued)

Trend Information

The following three year trend information presented below for both pension plans discloses annual pension benefits paid.

		2013		2012		2011
SERS	\$	9,241,789	\$	8,438,636	\$	7,854,212
FPRS		13,359,058		13,720,671		13,007,189

The following three year trend information presented below for both pension plans discloses annual pension contributions.

		2013		2012		2011
EMPLOYER SERS	\$	2,498,235	\$	2,677,559	\$	2,804,144
EMPLOYEE SERS		767,461		679,917		519,178
EMPLOYER FPRS		5,107,319		4,004,031		3,229,416
EMPLOYEE FPRS		530,856		625,414		831,216

Annual employee pension contributions as a percentage by collective bargaining unit as of June 30, 2013:

	SERS	FPRS
TPOAM	5 %	
ACS	5	
AFSCME 3636	5	
MANAGEMENT	5	
COURT	5	
AFSCME 329	5.41	
* PST	0	
PSS	5	
** FIRE		3 %
** POLICE		3
POLICE COMMAND		5
DEPUTY CHIEF		3

* New hires contribute 3%.

** New hires contribute 5%.

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

E. Other Post-Employment Benefits

Plan description: The City provides retiree health care benefits to eligible employees and their spouses through the Retiree Health Care Benefits Plan and Trust (the “Trust”) under Section 115 of the Internal Revenue Code of 1986 as amended. Benefits are provided to FPRS employees and SERS groups. As of June 30, 2011 the most recent valuation prepared, the SERS Trust and the FPRS Trust plans have 585 and 468 members respectively (including employees in active service, terminated employees’ not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits).

This is a single employer defined benefit plan administered by the City of Southfield Retiree Health Care Benefits Plan and Trust. The benefits are provided under collective bargaining agreements or other legal authority for providing benefits. The plan does not issue a separate stand-alone financial statement.

Funding policy: The collective bargaining agreements (or other legal authority) require a contribution of two percent of bi-weekly pay for all Trust members. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a “pay-as-you-go” basis). Administrative costs are paid by the Plan through employer contributions.

Funding progress: For the year ended June 30, 2013 the City has estimated the cost of providing retiree health care benefits through an actuarial valuation as of June 30, 2011. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. This valuation’s computed contribution and actual funding are summarized on the following page:

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

E. Other Post-Employment Benefits (continued)

	SERS	FPRS	Total
Annual required contribution (recommended)	\$ 6,899,819	\$ 9,294,221	\$ 16,194,040
Interest on the prior year's net OPEB obligation	484,181	721,078	1,205,259
Less: Adjustment to the annual required contribution	<u>(381,217)</u>	<u>(530,942)</u>	<u>(912,159)</u>
Annual OPEB cost	\$ 7,002,783	\$ 9,484,357	\$ 16,487,140
Amounts contributed:			
Payments of current premiums/claims *	\$ (159,608)	\$ (12,047)	\$ (171,655)
Advanced funding	<u>2,758,374</u>	<u>4,090,257</u>	<u>6,848,631</u>
Total OPEB contributions	2,598,766	4,078,210	6,676,976
Change in Net OPEB obligation	<u>4,404,017</u>	<u>5,406,147</u>	<u>9,810,164</u>
Beginning year Net OPEB obligation, as restated	<u>8,069,682</u>	<u>12,017,970</u>	<u>20,087,652</u>
End of year Net OPEB obligation (asset)	<u>\$ 12,473,699</u>	<u>\$ 17,424,117</u>	<u>\$ 29,897,816</u>

* Represents the portion of retiree health care premiums allocated to the plan by the third party administrator, net of amounts paid to the General Fund for reimbursement of those costs.

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current year is as follows:

SERS	2013	2012	2011
Annual OPEB costs	\$ 7,002,783	\$ 5,209,106	\$ 4,486,898
Percentage contributed	<u>37.1%</u>	<u>82.5%</u>	<u>89.7%</u>
Net OPEB obligation (asset)	\$ 12,473,699	\$ 4,280,509	\$ 3,367,272

FPRS	2013	2012	2011
Annual OPEB costs	\$ 9,484,357	\$ 7,038,481	\$ 5,868,937
Percentage contributed	<u>43.0%</u>	<u>114.8%</u>	<u>132.1%</u>
Net OPEB obligation (asset)	\$ 17,424,117	\$ (2,809,209)	\$ (1,768,663)

Total	2013	2012	2011
Annual OPEB costs	\$ 16,487,140	\$ 12,247,587	\$ 10,355,835
Percentage contributed	<u>40.5%</u>	<u>101.0%</u>	<u>113.7%</u>
Net OPEB obligation (asset)	\$ 29,897,816	\$ 1,471,300	\$ 1,598,609

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

E. Other Post-Employment Benefits (continued)

The funding progress of the plan as of the most recent valuation date and two preceding valuation dates are as follows:

Employees Retirement System OPEB Benefits						
Valuation date	Actuarial value of assets	Actuarial accrued liability ("AAL")	Unfunded actuarial liability	Funded ratio	Covered payroll	Ratio of UAAL to covered payroll
June 30,	(a)	(b)	(b-a)	(a/b)		
2011	\$ 11,643,081	\$ 81,773,727	\$ 70,130,646	14.24%	\$ 17,423,789	402.50%
2010	9,992,728	79,594,475	69,601,747	12.55%	18,537,947	375.46%
2009	7,187,944	66,040,301	58,852,357	10.88%	19,236,720	305.94%

Fire and Police Retirement System OPEB Benefits						
Valuation date	Actuarial value of assets	Actuarial accrued liability ("AAL")	Unfunded actuarial liability	Funded ratio	Covered payroll	Ratio of UAAL to covered payroll
June 30,	(a)	(b)	(b-a)	(a/b)		
2011	\$ 35,930,261 *	\$ 124,887,228	\$ 88,956,967	28.77%	\$ 19,677,191	452.08%
2010	31,298,427 *	123,265,132	91,966,705	25.39%	20,681,885	444.67%
2009	28,033,938	106,560,574	78,526,636	26.31%	19,488,028	402.95%

* Actuarial value of assets includes amounts held in the retiree healthcare trust and the 401(h) balance included in the pension plan

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

E. Other Post-Employment Benefits (continued)

Actuarial methods and assumptions: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2011, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 6 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 4.0 percent after ten years. Both rates included a 4.0 percent inflation assumption for Fire and Police; while the general employees' is assumed to be 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011, was thirty years.

F. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Loans are permitted from this plan, subject to guidelines established by the employer.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

In accordance with GASB Statement No. 32, "Accounting and financial reporting for Internal Revenue Code Section 457 Deferred Compensation Plans", the City has removed the plans assets from the financial statements.

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

G. Upcoming Accounting Pronouncements

In March 2012, the GASB issued GASB Statement No. 65, Items Previously Reported as Assets, Liabilities, which is required to be implemented for financial statements for periods beginning after December 15, 2012. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. Statement No. 65 will be implemented for the City of Southfield as of June 30, 2014.

In June 2012, GASB Statement No. 67, Financial Reporting for Pension Plans, was issued by the Governmental Accounting Standards Board. This new standard, which replaces the requirements of GASB Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and No. 50, Pension Disclosures, establishes standards for financial reporting that outline the basic framework for separately-issued pension plan financial reports and specifies the required approach to measuring the liability of employer(s) and certain non employer contributing entities, about which information is required to be disclosed. GASB Statement No. 67 is required to be adopted for years beginning after June 15, 2013. For the City, this standard will be adopted for the year ended June 30, 2014.

In June 2012, the GASB issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The Statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this Statement are effective for financial statements for the year ended June 30, 2015.

(This page left intentionally blank.)

City of Southfield
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended June 30, 2013

	Unaudited Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 43,309,177	\$ 43,309,177	\$ 44,220,372	\$ 911,195
Charges for services	3,090,779	3,090,779	3,221,180	130,401
Sanitation	3,175,614	3,175,614	3,161,928	(13,686)
Licenses and permits	2,154,640	2,154,640	2,062,659	(91,981)
Fines and forfeitures	4,094,000	4,094,000	4,435,745	341,745
Intergovernmental:				
Federal	80,543	1,004,663	1,001,417	(3,246)
State	5,507,002	5,507,002	6,308,483	801,481
Other	616,201	623,001	673,727	50,726
Net investment earnings	200,000	200,000	198,979	(1,021)
Other	286,830	286,830	234,025	(52,805)
Total revenues	62,514,786	63,445,706	65,518,515	2,072,809
EXPENDITURES				
General government:				
Council	166,454	166,454	147,766	18,688
Mayor	199,046	199,046	176,476	22,570
Administration	487,978	487,978	485,375	2,603
Legal	956,653	956,653	854,525	102,128
Clerk's	872,032	872,032	847,758	24,274
Human resources	673,456	673,456	647,198	26,258
Finance/OMB	820,649	820,649	759,992	60,657
Other - unclassified	4,637,517	4,676,625	4,198,921	477,704
Total general government	8,813,785	8,852,893	8,118,011	734,882
Public Safety:				
Police	20,889,643	20,911,175	19,930,815	980,360
Fire	14,622,244	15,546,364	14,401,742	1,144,622
Building and safety engineering	2,633,314	2,666,044	2,585,889	80,155
46th Michigan district court	3,533,183	3,533,593	3,090,139	443,454
Civilian support services	3,480,581	3,480,581	3,133,541	347,040
Total public safety	45,158,965	46,137,757	43,142,126	2,995,631
Public Services:				
Community development	138,083	138,083	132,944	5,139
Sanitation	3,232,832	3,232,832	2,999,397	233,435
Road service administration	615,822	615,822	476,614	139,208
Total public services	3,986,737	3,986,737	3,608,955	377,782
Social services				
	348,593	355,393	334,719	20,674
Other:				
Insurance and bonds	586,815	586,815	529,432	57,383
Support services	4,859,547	5,267,428	5,678,180	(410,752)
Total other	5,446,362	5,854,243	6,207,612	(353,369)
Capital outlay				
	676,236	676,236	676,236	-
Debt service				
Principal retirement	260,000	260,000	80,000	180,000
Interest and fiscal charges	142,810	142,809	229,751	(86,942)
Total debt	402,810	402,809	309,751	93,058
Total expenditures	64,833,488	66,266,068	62,397,410	3,868,658
Excess (deficiency) of revenues over (under) expenditures	(2,318,702)	(2,820,362)	3,121,105	5,941,467
OTHER FINANCING SOURCES (USES) (Note 3E)				
Transfers in		397,153	397,153	-
Proceeds on long-term debt		3,430,000	3,430,000	-
Transfers out	(141,884)	(141,884)	(141,884)	-
Bond issuance costs		(42,139)	(42,139)	-
Payment to escrow fund for refunding		(3,387,861)	(3,387,861)	-
Total other financing sources (uses)	(141,884)	255,269	255,269	-
Net change in fund balances	(2,460,586)	(2,565,093)	3,376,374	5,941,467
Fund balances - beginning	13,113,210	13,113,210	13,113,210	-
Fund balances - ending	\$ 10,652,624	\$ 10,548,117	\$ 16,489,584	\$ 5,941,467

The notes to the financial statements are an integral part of this statement.

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Local Streets Fund

For the Year Ended June 30, 2013

	Unaudited Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 2,609,911	\$ 2,609,911	\$ 2,676,347	\$ 66,436
Intergovernmental:				
State	1,119,140	1,119,140	1,136,566	17,426
Net investment earnings	6,328	6,328	45,803	39,475
Other	14,000	14,000	19,704	5,704
Total revenues	<u>3,749,379</u>	<u>3,749,379</u>	<u>3,878,420</u>	<u>129,041</u>
EXPENDITURES				
Highways and streets:				
Administration	359,400	359,400	286,409	72,991
Road maintenance	1,250,917	1,994,068	1,068,057	926,011
Traffic services	202,795	202,795	94,139	108,656
Snow removal	666,284	666,284	496,893	169,391
Appearance	609,483	645,983	433,389	212,594
Total highways and streets	<u>3,088,879</u>	<u>3,868,530</u>	<u>2,378,887</u>	<u>1,489,643</u>
Capital outlay	975,000	975,000	952,843	22,157
Debt service:				
Principal retirement	83,222	83,222	83,222	-
Interest and fiscal charges	42,992	42,992	36,439	6,553
Total expenditures	<u>4,190,093</u>	<u>4,969,744</u>	<u>3,451,391</u>	<u>1,518,353</u>
Excess (deficiency) of revenues over (under) expenditures	(440,714)	(1,220,365)	427,029	1,647,394
OTHER FINANCING USES (Note 3E)				
Transfers out	<u>(2,332,449)</u>	<u>(2,332,449)</u>	<u>(2,332,449)</u>	<u>-</u>
Net change in fund balances	(2,773,163)	(3,552,814)	(1,905,420)	1,647,394
Fund balance - beginning	<u>3,890,526</u>	<u>3,890,526</u>	<u>3,890,526</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,117,363</u>	<u>\$ 337,712</u>	<u>\$ 1,985,106</u>	<u>\$ 1,647,394</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield
Required Supplementary Information
Schedule of Funding Progress
Six-Year Historical Trend Information

Southfield Employee Retirement System pension benefits
(dollar amounts in millions)

Valuation date	Actuarial value of assets	Actuarial accrued liability ("AAL")	Unfunded actuarial accrued liability	Funded ratio	Covered payroll	Ratio of UAAL to covered payroll
<u>June 30,</u>	<u>(a)</u>	<u>(b)</u>	<u>(b-a)</u>	<u>(a/b)</u>	<u>payroll</u>	<u>payroll</u>
2012	\$ 93.6	\$ 138.0	\$ 44.1	68.0 %	\$ 15.4	287.2%
2011	97.3	134.0	36.7	72.6 %	16.8	217.8%
2010	96.2	132.9	36.8	72.3 %	17.8	206.6%
2009	97.9	127.3	29.3	77.0 %	18.7	156.2%
2008	99.5	127.8	28.2	77.9 %	19.2	147.1%
2007	96.1	121.7	25.6	78.9 %	19.6	130.9%

Fire and Police Retirement System pension benefits
(dollar amounts in millions)

Valuation date	Actuarial value of assets	Actuarial accrued liability ("AAL")	Unfunded actuarial accrued liability	Funded ratio	Covered payroll	Ratio of UAAL to covered payroll
<u>June 30,</u>	<u>(a)</u>	<u>(b)</u>	<u>(b-a)</u>	<u>(a/b)</u>	<u>payroll</u>	<u>payroll</u>
2012	\$ 174.2	\$ 211.8	\$ 37.6	82.3 %	\$ 19.0	198.2%
2011	183.0	206.4	23.4	88.7 %	19.7	118.9%
2010	192.2	200.1	7.9	96.1 %	20.7	38.2%
2009	202.6	195.5	(7.1)	103.6 %	19.5	-
2008	208.8	194.2	(14.6)	107.5 %	20.3	-
2007	197.0	183.7	(13.3)	107.2 %	19.4	-

City of Southfield
Required Supplementary Information
Schedule of Funding Progress
(continued)

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2012, the latest actuarial valuation, follows:

	Southfield Employee Retirement System	Fire and Police Retirement System
	<hr/>	<hr/>
Actuarial cost method		
All members	Entry age normal	Individual entry age
Amortization method	Level percent of payroll	Level percent of payroll
Remaining amortization period	28 years (closed)	25 years (closed)
Asset valuation method	5-year smoothed market	5-year smoothed market --starting 6/30/12 4-year smoothed market --prior 6/30/12
Actuarial assumption		
Investment rate of return	8%	7.75%
Wage inflation	3.5%	4.00%
Projected salary increases*	3.5% - 9.5%	4.00% - 9.00%
Post-retirement benefit increases	Ad-hoc as provided by ordinance	None

* Includes wage and step increases

City of Southfield

Required Supplementary Information Schedule of Employer Contributions Six-Year Historical Trend Information

Southfield Employee Retirement System pension benefits

Valuation year ended June 30,	Fiscal year ended June 30,	Contribution rates as a percent of actual payroll	Computed dollar contribution based on actual payroll	Percent contributed
2012	2013	16.98%	\$ 2,498,235	100.00%
2011	2012	17.49%	2,677,559	100.00%
2010	2011	15.76%	2,804,144	100.00%
2009	2010	15.40%	2,885,356	100.00%
2008	2009	14.04%	2,809,926	100.00%
2007	2008	13.41%	2,697,591	100.00%

Fire and Police Retirement System pension benefits

Valuation year ended June 30,	Fiscal year ended June 30,	Contribution rates as a percent of actual payroll	Computed dollar contribution based on actual payroll	Percent contributed
2012	2013	26.68%	\$ 5,107,319	100.00%
2011	2012	20.95%	4,004,031	100.00%
2010	2011	15.94%	3,229,416	100.00%
2009	2010	13.32%	3,330,660	100.00%
2008	2009	13.54%	3,066,652	100.00%
2007	2008	16.30%	3,480,735	100.00%

City of Southfield

Required Supplementary Information

Schedule of the Adopted Budget to Final Presentation Reconciliation

While the City doesn't adopt budgets in accordance with GAAP, the Schedule of Revenues, Expenditures, and changes in Fund Balances-Budget and Actual presented in this CAFR have been modified to meet GAAP standards. The following note reconciles the City's adopted budget, as approved annually by the City Council on a non-GAAP basis, with these schedules which are presented in the CAFR on a GAAP basis. The major modifications are derived from transfers, expenditure reimbursements and Fund Balance draws being budgeted as revenues and expenditures.

MAJOR FUNDS

	General Fund		Local Streets	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 66,667,136	\$ 66,667,136	\$ 7,172,542	\$ 7,172,542
Transfers		(141,884)		(2,332,449)
Reimbursements	(1,691,764)	(1,691,764)	(650,000)	(650,000)
Fund balance draws	(2,460,586)		(2,773,163)	
Original (as presented)	<u>62,514,786</u>	<u>64,833,488</u>	<u>3,749,379</u>	<u>4,190,093</u>
Approved encumbrances		104,507		779,651
Council adjustments	4,758,073	4,758,073		
Other financing uses	(3,827,153)	(3,430,000)		
Final (as presented)	<u>\$ 63,445,706</u>	<u>\$ 66,266,068</u>	<u>\$ 3,749,379</u>	<u>\$ 4,969,744</u>

NON-MAJOR FUNDS

	Major Streets		Parks and Recreation	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 7,810,387	\$ 7,810,387	\$ 6,980,556	\$ 6,980,556
Transfers	(2,887,135)			(298,958)
Reimbursements	(750,000)	(750,000)		
Fund balance draws			(475,187)	
Approved encumbrances		298,519		6,500
Council adjustments		165,000		95,500
Final (as presented)	<u>\$ 4,173,252</u>	<u>\$ 7,523,906</u>	<u>\$ 6,505,369</u>	<u>\$ 6,783,598</u>

City of Southfield

Required Supplementary Information

Schedule of the Adopted Budget to Final Presentation Reconciliation

(continued)

NON-MAJOR FUNDS

	Cable Television		Block Grant	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 1,108,381	\$ 1,108,381	\$ 515,211	\$ 515,211
Approved encumbrances		14,355		
Final (as presented)	<u>\$ 1,108,381</u>	<u>\$ 1,122,736</u>	<u>\$ 515,211</u>	<u>\$ 515,211</u>

	Drug Law Enforcement		Grants	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 426,319	\$ 426,319		
Fund balance draws	(124,631)			
Approved encumbrances		20,596		
Council adjustments		7,500	\$ 69,717	\$ 69,717
Final (as presented)	<u>\$ 301,688</u>	<u>\$ 454,415</u>	<u>\$ 69,717</u>	<u>\$ 69,717</u>

	Library		Michigan Works Grants	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 7,844,049	\$ 7,844,049	\$ 3,300,000	\$ 3,300,000
Fund balance draws	(708,270)			
Approved encumbrances				20,887
Council adjustments		2,004		
Final (as presented)	<u>\$ 7,135,779</u>	<u>\$ 7,846,053</u>	<u>\$ 3,300,000</u>	<u>\$ 3,320,887</u>

	Auto Theft Grant		Donations, Memorial Trusts & Sponsorships	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 291,340	\$ 291,340	\$ 200,000	\$ 200,000
Transfers	(141,884)			
Council adjustments			97,700	98,869
Final (as presented)	<u>\$ 149,456</u>	<u>\$ 291,340</u>	<u>\$ 297,700</u>	<u>\$ 298,869</u>

(This page left intentionally blank.)

City of Southfield
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2013

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
ASSETS				
Cash and cash equivalents	\$ 12,340,982	\$ 550,347	\$ 6,652,809	\$ 19,544,138
Investments	4,991,526		1,152,600	6,144,126
Receivables: (Note 3B)				
Special assessments			528,349	528,349
Other	1,654,331	11,921	6,772	1,673,024
Prepays	100,832			100,832
Due from other funds (Note 3E)	3,337,258	64,801	53,307	3,455,366
Due from component units	34,468			34,468
Due from other governmental units	729,127			729,127
Restricted assets: (Note 3A)				
Cash and cash equivalents			37,130	37,130
Total assets	<u>\$ 23,188,524</u>	<u>\$ 627,069</u>	<u>\$ 8,430,967</u>	<u>\$ 32,246,560</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 829,816		\$ 61,531	\$ 891,347
Accrued payroll	509,881			509,881
Due to other funds (Note 3E)	1,394,182		186,878	1,581,060
Due to component units	650,388			650,388
Deferred revenue (Note 3B)	585,847	\$ 11,560	474,084	1,071,491
Other short-term liabilities	197,718	20,413		218,131
Advances from local improvement revolving fund (Note 3E)	24,602		2,142,993	2,167,595
Total liabilities	<u>4,192,434</u>	<u>31,973</u>	<u>2,865,486</u>	<u>7,089,893</u>
Fund balance (deficit): (Note 4A)				
Non-spendable	100,832			100,832
Restricted	15,459,853	595,096	1,713,021	17,767,970
Committed	3,576,120		241,536	3,817,656
Assigned			3,610,924	3,610,924
Unassigned (Note 2C)	(140,715)			(140,715)
Total fund balances	<u>18,996,090</u>	<u>595,096</u>	<u>5,565,481</u>	<u>25,156,667</u>
Total liabilities and fund balances	<u>\$ 23,188,524</u>	<u>\$ 627,069</u>	<u>\$ 8,430,967</u>	<u>\$ 32,246,560</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-major Governmental Funds

For the Year Ended June 30, 2013

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
REVENUES				
Property taxes	\$ 11,246,908	\$ 1,174,502		\$ 12,421,410
Special assessments	43,877		\$ 294,078	337,955
Charges for services	2,634,778			2,634,778
Fines and forfeitures	126,330			126,330
Federal forfeitures	60,531			60,531
Cable royalties	1,550,192			1,550,192
Intergovernmental:				
Federal	2,565,213			2,565,213
State	4,070,941			4,070,941
Other	97,604			97,604
Contributions and donations	80,855			80,855
Net investment earnings	18,536	2,024	36,174	56,734
Other	290,945		83,844	374,789
Total revenues	<u>22,786,710</u>	<u>1,176,526</u>	<u>414,096</u>	<u>24,377,332</u>
EXPENDITURES				
Current:				
Public safety	767,255			767,255
Highways and streets	3,462,319			3,462,319
Community improvement	378,392			378,392
Social services	2,101,251			2,101,251
Culture and recreation	11,980,291			11,980,291
Other		82,877	304,578	387,455
Capital outlay	1,980,065		303,299	2,283,364
Debt service:				
Principal retirement	1,700,000	472,568		2,172,568
Interest and fiscal charges	1,741,962	172,955	20,431	1,935,348
Total expenditures	<u>24,111,535</u>	<u>728,400</u>	<u>628,308</u>	<u>25,468,243</u>
Excess (deficiency) of revenues over (under) expenditures	(1,324,825)	448,126	(214,212)	(1,090,911)
OTHER FINANCING SOURCES (USES) (Note 3E)				
Transfers in	2,514,333	174,262	1,466,445	4,155,040
Transfers out	(296,958)		(214,261)	(511,219)
Total other financing sources (uses)	<u>2,217,375</u>	<u>174,262</u>	<u>1,252,184</u>	<u>3,643,821</u>
Net change in fund balances	892,550	622,388	1,037,972	2,552,910
Fund balances (deficit) - beginning	18,103,540	(27,292)	4,527,509	22,603,757
Fund balances - ending	<u>\$ 18,996,090</u>	<u>\$ 595,096</u>	<u>\$ 5,565,481</u>	<u>\$ 25,156,667</u>

The notes to the financial statements are an integral part of this statement.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

These funds account for the proceeds of specific revenue sources used to finance projects or activities as required by law or contractual agreement. The following funds are currently established:

MAJOR STREETS

Michigan's Act 51 of 1933, as amended, allocates gas and weight taxes to build and maintain roads, roadsides, and storm sewers. Snow removal and traffic control are also supported by this funding source. Major Streets may include federal and state trunk lines maintained by the County and other relatively heavily traversed roads ("mile" roads) maintained by the City. Additional funds are provided through Public Act 298 of 1917 for all Major streets mowing, litter pick-up, street sweeping and catch basin cleaning on all roads throughout the City.

PARKS AND RECREATION

Specific property taxes, grants and user fees are used to operate the ice arena, swimming pool, and activities at parks, playgrounds and other facilities. Golf course activities, which include the Evergreen Hills Golf Course and Pro Shop, Beech Woods Golf Course, Pro Shop and Driving Range, are included in the Parks & Recreation Fund.

CABLE TELEVISION

The Cable Television Fund was established to account for fees received under provisions of the cable television franchise agreement. These fees are used for local programming and certain other purposes.

BLOCK GRANT

Under the Housing and Community Development Act of 1974, as amended, federal grants are targeted for neighborhood beautification, improvement and revitalization and other community improvements; these activities benefit low and moderate income persons in targeted areas as defined by the Department of Housing and Urban Development (HUD).

SPECIAL REVENUE FUNDS
(continued)

DRUG LAW ENFORCEMENT

The Drug Law Enforcement fund was established pursuant to Public Act 135 of 1985. As provided by Article 7 of this Act, property associated with controlled substances may be seized and the proceeds from its sale used to enhance law enforcement related to controlled substances.

GRANTS

This fund accounts for individual grants received from Federal, State or other sources.

LIBRARY

Specific property taxes, grants, user fees, state aide and related revenues are used to purchase books and computers, and to operate programs in the Civic Center and at the John Grace Community Center. The newly built Southfield Public Library was opened June 15, 2003.

MICHIGAN WORKS GRANTS

The Michigan Works Grants are funded by the Michigan Department of Career Development and the Oakland County Workforce Board and are administered by the Southfield Career Center.

AUTO THEFT GRANT

The Auto Theft Grant fund is a State funded program designed to assist local governments in auto theft investigation and prevention.

DONATIONS, MEMORIAL TRUSTS & SPONSORSHIPS

This fund accounts for endowments, restricted donations and contributions in memory of City employees and City residents.

City of Southfield
Combining Balance Sheet
Non-major Governmental Funds - Special Revenue Funds
June 30, 2013

	Major Streets	Parks and Recreation	Cable Television	Block Grant	Drug Law Enforcement
ASSETS					
Cash and cash equivalents	\$ 403,953	\$ 4,240,219	\$ 1,998,975	\$ 634,165	\$ 669,887
Investments	652	244,266	2,220,464		
Receivables, net	633,781	164,075	448,587	113,285	2,097
Prepays	379	30,397	7,471		10,817
Due from other funds	2,728,556	278,251	14,634	10,628	5,314
Due from component units					
Due from other governmental units					
Total assets	<u>\$ 3,767,321</u>	<u>\$ 4,957,208</u>	<u>\$ 4,690,131</u>	<u>\$ 758,078</u>	<u>\$ 688,115</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 521,531	\$ 165,708	\$ 11,033	\$ 11,662	\$ 31,986
Accrued payroll		142,847	15,358	5,768	4,621
Due to other funds	148,423				
Due to component units				650,388	
Deferred revenue	4,494	52,067	182,534	230,975	
Other short-term liabilities	8,355	80,542			
Advances from local improvement revolving fund		24,602			
Total liabilities	<u>682,803</u>	<u>465,766</u>	<u>208,925</u>	<u>898,793</u>	<u>36,607</u>
Fund balance (deficit):					
Non-spendable	379	30,397	7,471		10,817
Restricted	3,084,139	4,461,045	1,079,735		640,691
Committed			3,394,000		
Unassigned				(140,715)	
Total fund balances (deficit)	<u>3,084,518</u>	<u>4,491,442</u>	<u>4,481,206</u>	<u>(140,715)</u>	<u>651,508</u>
Total liabilities and fund balances	<u>\$ 3,767,321</u>	<u>\$ 4,957,208</u>	<u>\$ 4,690,131</u>	<u>\$ 758,078</u>	<u>\$ 688,115</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield
Combining Balance Sheet
Non-major Governmental Funds - Special Revenue Funds
June 30, 2013

	Grants	Library	Michigan Works Grants	Auto Theft Grant	Donations, Memorial Trusts & Sponsorships	Total
ASSETS						
Cash and cash equivalents	\$ 112,463	\$ 3,239,057	\$ 417,089	\$ 35,909	\$ 589,265	\$ 12,340,982
Investments		2,137,148			388,996	4,991,526
Receivables, net	47,092	205,641		37,339	2,434	1,654,331
Prepays		51,568			200	100,832
Due from other funds	1,913	113,662		184,300		3,337,258
Due from component units	34,468					34,468
Due from other governmental units			729,127			729,127
Total assets	<u>\$ 195,936</u>	<u>\$ 5,747,076</u>	<u>\$ 1,146,216</u>	<u>\$ 257,548</u>	<u>\$ 980,895</u>	<u>\$ 23,188,524</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 2,500	\$ 65,287	\$ 18,638		\$ 1,471	\$ 829,816
Accrued payroll		54,897	38,193	\$ 243,776	4,421	509,881
Due to other funds		252,945	992,814			1,394,182
Due to component units						650,388
Deferred revenue	42,985	72,792				585,847
Other short-term liabilities		108,821				197,718
Advances from local improvement revolving fund						24,602
Total liabilities	<u>45,485</u>	<u>554,742</u>	<u>1,049,645</u>	<u>243,776</u>	<u>5,892</u>	<u>4,192,434</u>
Fund balance:						
Non-spendable		51,568			200	100,832
Restricted	150,451	5,140,766	96,571	13,772	792,683	15,459,853
Committed					182,120	3,576,120
Unassigned						(140,715)
Total fund balances	<u>150,451</u>	<u>5,192,334</u>	<u>96,571</u>	<u>13,772</u>	<u>975,003</u>	<u>18,996,090</u>
Total liabilities and fund balances	<u>\$ 195,936</u>	<u>\$ 5,747,076</u>	<u>\$ 1,146,216</u>	<u>\$ 257,548</u>	<u>\$ 980,895</u>	<u>\$ 23,188,524</u>

The notes to the financial statements are an integral part of this statement.

(continued)

City of Southfield

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-major Governmental Funds - Special Revenue Funds

For the Year Ended June 30, 2013

	Major Streets	Parks and Recreation	Cable Television	Block Grant	Drug Law Enforcement
REVENUES					
Property taxes	\$ 268,897	\$ 4,222,312			
Charges for services		2,284,696			
Fines and forfeitures					\$ 126,330
Federal forfeitures					60,531
Cable royalties			\$ 1,550,192		
Intergovernmental:					
Federal				\$ 372,917	25,290
State	3,799,468				
Other	97,604				
Net investment earnings (loss)	6,723	25,925	(20,939)	191	6,798
Other	77,907	168,009	960	23,795	238
Total revenues	<u>4,250,599</u>	<u>6,700,942</u>	<u>1,530,213</u>	<u>396,903</u>	<u>219,187</u>
EXPENDITURES					
Current:					
Public safety					301,586
Highways and streets	3,462,319				
Community improvement				355,677	
Culture and recreation		6,117,922	740,935		
Capital outlay	1,648,859	175,028	21,919		78,189
Debt service:					
Principal retirement	880,000				
Interest and fiscal charges	367,375	79,374			
Total expenditures	<u>6,358,553</u>	<u>6,372,324</u>	<u>762,854</u>	<u>355,677</u>	<u>379,775</u>
Excess (deficiency) of revenues over (under) expenditures	(2,107,954)	328,618	767,359	41,226	(160,588)
OTHER FINANCING SOURCES (USES)					
Transfers in	2,372,449				
Transfers out		(296,958)			
Total other financing sources (uses)	<u>2,372,449</u>	<u>(296,958)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	264,495	31,660	767,359	41,226	(160,588)
Fund balances (deficit) - beginning	2,820,023	4,459,782	3,713,847	(181,941)	812,096
Fund balances (deficit) - ending	<u>\$ 3,084,518</u>	<u>\$ 4,491,442</u>	<u>\$ 4,481,206</u>	<u>\$ (140,715)</u>	<u>\$ 651,508</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-major Governmental Funds - Special Revenue Funds

For the Year Ended June 30, 2013

	Grants	Library	Michigan Works Grants	Auto Theft Grant	Donations, Memorial Trusts & Sponsorships	Total
REVENUES						
Property taxes		\$ 6,755,699				\$ 11,246,908
Special assessments	\$ 43,877					43,877
Charges for services		350,082				2,634,778
Fines and forfeitures						126,330
Federal forfeitures						60,531
Cable royalties						1,550,192
Intergovernmental:						
Federal	69,717		\$ 2,097,289			2,565,213
State		35,900		\$ 137,873	\$ 97,700	4,070,941
Other						97,604
Contributions and donations					80,855	80,855
Net investment earnings (loss)	1,199	3,360	100	13	(4,834)	18,536
Other	2,042	17,994				290,945
Total revenues	<u>116,835</u>	<u>7,163,035</u>	<u>2,097,389</u>	<u>137,886</u>	<u>173,721</u>	<u>22,786,710</u>
EXPENDITURES						
Current:						
Public safety	67,804			266,054	131,811	767,255
Highways and streets						3,462,319
Community improvement	22,715					378,392
Social services			2,101,251			2,101,251
Culture and recreation		4,969,647			151,787	11,980,291
Capital outlay		55,370	700			1,980,065
Debt service:						
Principal retirement		820,000				1,700,000
Interest and fiscal charges		1,295,213				1,741,962
Total expenditures	<u>90,519</u>	<u>7,140,230</u>	<u>2,101,951</u>	<u>266,054</u>	<u>283,598</u>	<u>24,111,535</u>
Excess (deficiency) of revenues over (under) expenditures	26,316	22,805	(4,562)	(128,168)	(109,877)	(1,324,825)
OTHER FINANCING SOURCES (USES)						
Transfers in				141,884		2,514,333
Transfers out						(296,958)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,884</u>	<u>-</u>	<u>2,217,375</u>
Net change in fund balances	26,316	22,805	(4,562)	13,716	(109,877)	892,550
Fund balances - beginning	124,135	5,169,529	101,133	56	1,084,880	18,103,540
Fund balances - ending	<u>\$ 150,451</u>	<u>\$ 5,192,334</u>	<u>\$ 96,571</u>	<u>\$ 13,772</u>	<u>\$ 975,003</u>	<u>\$ 18,996,090</u>

The notes to the financial statements are an integral part of this statement.

(continued)

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Major Streets Fund

For the Year Ended June 30, 2013

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 267,765	\$ 268,897	\$ 1,132
Intergovernmental:			
State	3,742,888	3,799,468	56,580
Other	96,996	97,604	608
Net investment earnings	6,328	6,723	395
Other	59,275	77,907	18,632
Total revenues	<u>4,173,252</u>	<u>4,250,599</u>	<u>77,347</u>
EXPENDITURES			
Highways and streets:			
Administration	167,211	118,847	48,364
Road maintenance	1,353,237	889,421	463,816
Traffic services	917,561	684,236	233,325
Snow removal	808,441	608,959	199,482
Appearance	1,243,946	1,160,856	83,090
Total highways and streets	<u>4,490,396</u>	<u>3,462,319</u>	<u>1,028,077</u>
Capital outlay	1,786,135	1,648,859	137,276
Debt service:			
Principal	880,000	880,000	-
Interest and fiscal charges	367,375	367,375	-
Total expenditures	<u>7,523,906</u>	<u>6,358,553</u>	<u>1,165,353</u>
Excess (deficiency) of revenues over (under) expenditures	(3,350,654)	(2,107,954)	1,242,700
OTHER FINANCING SOURCES			
Transfers in	<u>3,052,135</u>	<u>2,372,449</u>	<u>(679,686)</u>
Net change in fund balances	(298,519)	264,495	563,014
Fund balances - beginning	<u>2,820,023</u>	<u>2,820,023</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,521,504</u>	<u>\$ 3,084,518</u>	<u>\$ 563,014</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Parks and Recreation Fund

For the Year Ended June 30, 2013

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 4,129,982	\$ 4,222,312	\$ 92,330
Charges for services	2,215,539	2,284,696	69,157
Net investment earnings	25,313	25,925	612
Other revenue	134,535	168,009	33,474
Total revenues	<u>6,505,369</u>	<u>6,700,942</u>	<u>195,573</u>
EXPENDITURES			
Culture and recreation:			
Administration	2,343,908	2,246,844	97,064
Recreation division	997,415	979,223	18,192
Cultural arts division	112,306	111,245	1,061
Senior center division	307,298	252,144	55,154
Operations & facilities division	2,093,634	1,918,363	175,271
Golf	674,635	610,103	64,532
Total culture and recreation	<u>6,529,196</u>	<u>6,117,922</u>	<u>411,274</u>
Capital outlay	175,028	175,028	-
Debt service:			
Interest and fiscal charges	79,374	79,374	-
Total expenditures	<u>6,783,598</u>	<u>6,372,324</u>	<u>411,274</u>
Excess (deficiency) of revenues over (under) expenditures	(278,229)	328,618	606,847
OTHER FINANCING USES			
Transfers out	<u>(296,958)</u>	<u>(296,958)</u>	<u>-</u>
Net change in fund balances	(575,187)	31,660	606,847
Fund balance - beginning	<u>4,459,782</u>	<u>4,459,782</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,884,595</u>	<u>\$ 4,491,442</u>	<u>\$ 606,847</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Cable Television Fund

For the Year Ended June 30, 2013

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Cable royalties	\$ 1,105,367	\$ 1,550,192	\$ 444,825
Net investment loss	2,813	(20,939)	(23,752)
Other	201	960	759
Total revenues	<u>1,108,381</u>	<u>1,530,213</u>	<u>421,832</u>
EXPENDITURES			
Culture and recreation	1,100,817	740,935	359,882
Capital outlay	21,919	21,919	-
Total expenditures	<u>1,122,736</u>	<u>762,854</u>	<u>359,882</u>
Net change in fund balances	(14,355)	767,359	781,714
Fund balance - beginning	<u>3,713,847</u>	<u>3,713,847</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 3,699,492</u></u>	<u><u>\$ 4,481,206</u></u>	<u><u>\$ 781,714</u></u>

The notes to the financial statements are an integral part of this statement.

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Block Grant Fund

For the Year Ended June 30, 2013

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
Federal	\$ 515,211	\$ 372,917	\$ (142,294)
Net investment earnings		191	191
Other		23,795	23,795
Total revenues	<u>515,211</u>	<u>396,903</u>	<u>(118,308)</u>
EXPENDITURES			
Community improvement	<u>515,211</u>	<u>355,677</u>	<u>159,534</u>
Net change in fund balances	-	41,226	41,226
Fund balance (deficit) - beginning	<u>(181,941)</u>	<u>(181,941)</u>	<u>-</u>
Fund balance (deficit) - ending	<u><u>\$ (181,941)</u></u>	<u><u>\$ (140,715)</u></u>	<u><u>\$ 41,226</u></u>

The notes to the financial statements are an integral part of this statement.

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances Final Budget and Actual - Drug Law Enforcement Fund For the Year Ended June 30, 2013

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Fines and forfeitures	\$ 170,000	\$ 126,330	\$ (43,670)
Federal forfeitures	120,000	60,531	(59,469)
Intergovernmental:			
Federal		25,290	25,290
Net investment earnings	3,938	6,798	2,860
Other	7,750	238	(7,512)
Total revenues	<u>301,688</u>	<u>219,187</u>	<u>(82,501)</u>
EXPENDITURES			
Public safety	376,226	301,586	74,640
Capital outlay	78,189	78,189	-
Total expenditures	<u>454,415</u>	<u>379,775</u>	<u>74,640</u>
Net change in fund balances	(152,727)	(160,588)	(7,861)
Fund balance - beginning	<u>812,096</u>	<u>812,096</u>	<u>-</u>
Fund balance - ending	\$ <u><u>659,369</u></u>	\$ <u><u>651,508</u></u>	\$ <u><u>(7,861)</u></u>

The notes to the financial statements are an integral part of this statement.

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Grants Fund

For the Year Ended June 30, 2013

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Special assessments		\$ 43,877	\$ 43,877
Intergovernmental:			
Federal	\$ 69,717	69,717	-
Net investment earnings		1,199	1,199
Other		2,042	2,042
Total revenues	<u>69,717</u>	<u>116,835</u>	<u>47,118</u>
EXPENDITURES			
Public safety	69,717	67,804	1,913
Community improvement		22,715	(22,715)
Total expenditures	<u>69,717</u>	<u>90,519</u>	<u>(20,802)</u>
Net change in fund balances	-	26,316	26,316
Fund balance - beginning	<u>124,135</u>	<u>124,135</u>	<u>-</u>
Fund balance - ending	<u>\$ 124,135</u>	<u>\$ 150,451</u>	<u>\$ 26,316</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Library Fund

For the Year Ended June 30, 2013

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 6,607,971	\$ 6,755,699	\$ 147,728
Charges for services	413,370	350,082	(63,288)
Intergovernmental:			
State	16,000	35,900	19,900
Net investment earnings	98,438	3,360	(95,078)
Other		17,994	17,994
Total revenues	<u>7,135,779</u>	<u>7,163,035</u>	<u>27,256</u>
EXPENDITURES			
Culture and recreation:			
Administration	2,432,958	2,327,952	105,006
Adult reference	914,193	735,620	178,573
Children's division	648,563	488,700	159,863
Support services	909,357	761,930	147,427
Technology division	770,399	655,445	114,954
Total culture and recreation	<u>5,675,470</u>	<u>4,969,647</u>	<u>705,823</u>
Capital outlay	55,370	55,370	-
Debt service:			
Principal	820,000	820,000	-
Interest and fiscal charges	1,295,213	1,295,213	-
Total expenditures	<u>7,846,053</u>	<u>7,140,230</u>	<u>705,823</u>
Net change in fund balances	(710,274)	22,805	733,079
Fund balance - beginning	<u>5,169,529</u>	<u>5,169,529</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 4,459,255</u></u>	<u><u>\$ 5,192,334</u></u>	<u><u>\$ 733,079</u></u>

The notes to the financial statements are an integral part of this statement.

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Michigan Works Grants Fund

For the Year Ended June 30, 2013

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
Federal	\$ 3,300,000	\$ 2,097,289	\$ (1,202,711)
Net investment earnings		100	100
Total revenues	<u>3,300,000</u>	<u>2,097,389</u>	<u>(1,202,611)</u>
EXPENDITURES			
Social services	3,320,887	2,101,251	1,219,636
Capital outlay		700	(700)
Total expenditures	<u>3,320,887</u>	<u>2,101,951</u>	<u>1,218,936</u>
Net change in fund balances	(20,887)	(4,562)	16,325
Fund balance - beginning	<u>101,133</u>	<u>101,133</u>	<u>-</u>
Fund balance - ending	\$ <u>80,246</u>	\$ <u>96,571</u>	\$ <u>16,325</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances Final Budget and Actual - Auto Theft Grant Fund For the Year Ended June 30, 2013

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
State	\$ 148,893	\$ 137,873	\$ (11,020)
Net investment earnings	563	13	(550)
Total revenues	<u>149,456</u>	<u>137,886</u>	<u>(11,570)</u>
EXPENDITURES			
Public safety	<u>291,340</u>	<u>266,054</u>	<u>25,286</u>
Excess (deficiency) of revenues over (under) expenditures	(141,884)	(128,168)	13,716
OTHER FINANCING SOURCES			
Transfers in	<u>141,884</u>	<u>141,884</u>	<u>-</u>
Net change in fund balances	-	13,716	13,716
Fund balances - beginning	<u>56</u>	<u>56</u>	<u>-</u>
Fund balances - ending	<u>\$ 56</u>	<u>\$ 13,772</u>	<u>\$ 13,716</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances Final Budget and Actual - Donations, Memorial Trusts & Sponsorships For the Year Ended June 30, 2013

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Intergovernmental:			
State	\$ 97,700	\$ 97,700	\$ -
Contributions	200,000	80,855	(119,145)
Net investment loss		(4,834)	(4,834)
Total revenues	<u>297,700</u>	<u>173,721</u>	<u>(123,979)</u>
EXPENDITURES			
Public safety	137,700	131,811	5,889
Culture and recreation	161,169	151,787	9,382
Total expenditures	<u>298,869</u>	<u>283,598</u>	<u>15,271</u>
Net change in fund balances	(1,169)	(109,877)	(108,708)
Fund balances - beginning	<u>1,084,880</u>	<u>1,084,880</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,083,711</u>	<u>\$ 975,003</u>	<u>\$ (108,708)</u>

The notes to the financial statements are an integral part of this statement.

NON-MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND

This fund accounts for the payment of interest and principal on long-term bonded debt. The City has contracted with Oakland County for indirect repayment of bonds issued for sewers and drains.

DRAINS-AT-LARGE

An at-large assessment is levied upon all property to cover debt service for drains and storm sewers built in the City by Oakland County.

City of Southfield
Combining Balance Sheet
Non-major Governmental Funds
Debt Service Funds
June 30, 2013

	<u>Drains-at- Large</u>
ASSETS	
Cash and cash equivalents	\$ 550,347
Receivables, net	11,921
Due from other funds	64,801
Total assets	<u>\$ 627,069</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Deferred revenue	\$ 11,560
Other short-term liabilities	20,413
Total liabilities	<u>31,973</u>
Fund balance:	
Restricted for debt service	<u>595,096</u>
Total liabilities and fund balances	<u>\$ 627,069</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-major Governmental Funds

Debt Service Funds

For the Year Ended June 30, 2013

	<u>Drains-at- Large</u>
REVENUES	
Property taxes	\$ 1,174,502
Net investment earnings	2,024
Total revenues	<u>1,176,526</u>
EXPENDITURES	
Other	82,877
Debt service:	
Principal retirement	472,568
Interest and fiscal charges	172,955
Total expenditures	<u>728,400</u>
Excess of revenues over expenditures	448,126
OTHER FINANCING SOURCES	
Transfers in	<u>174,262</u>
Net change in fund balances	622,388
Fund balances (deficit) - beginning	<u>(27,292)</u>
Fund balances - ending	<u><u>\$ 595,096</u></u>

The notes to the financial statements are an integral part of this statement.

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

These funds account for resources used for the acquisition or major renovation of capital facilities. Disbursements from these funds are primarily for property acquisition and the construction of permanent public improvements. The major financing sources are bond proceeds, transfers from other City funds, internal loans and grants.

LIBRARY BUILDING AUTHORITY CONSTRUCTION

The Southfield Library Building Authority was incorporated June 14, 1999 under the provisions of Act 31, Public Acts of 1948, to purchase or construct, furnish, equip and maintain a Southfield public library building. As provided in Act 31, the Library Building Authority may also issue negotiable bonds to be repaid through rental payments of the Library to the City. The Authority's Debt Service Funds are presented in the preceding section.

CAPITAL IMPROVEMENTS: The Capital improvements fund is the basic capital project fund of the City, accounting for all major projects not specifically segregated by bond ordinance.

BUILDING AUTHORITY CONSTRUCTION

The Southfield Building Authority was incorporated October 16, 1962 under the provisions of Act 31, Public Acts of 1948, to purchase or construct facilities for use by the City. Building Authority bonds are issued to finance large-scale projects, while internal financing is used to fund other construction projects.

SPECIAL ASSESSMENT CONSTRUCTION

This fund accounts for the construction phase of local improvements which benefit specific property owners and are ultimately financed through special assessments. Special assessments collected by this fund are used to pay internal loans borrowed for specific local improvements which benefit property owners.

City of Southfield
Combining Balance Sheet
Non-major Governmental Funds
Capital Project Funds
June 30, 2013

	Library Building Authority Construction	Capital Improvement	Building Authority Construction	Special Assessment Construction	Total
ASSETS					
Cash and cash equivalents	\$ 411,948	\$ 3,211,148	\$ 16,398	\$ 3,013,315	\$ 6,652,809
Investments	313,473	839,127			1,152,600
Receivables:					
Special assessments				528,349	528,349
Other	1,731	3,604	8	1,429	6,772
Due from other funds			53,307		53,307
Restricted assets:					
Cash and cash equivalents		37,130			37,130
Total assets	<u>\$ 727,152</u>	<u>\$ 4,091,009</u>	<u>\$ 69,713</u>	<u>\$ 3,543,093</u>	<u>\$ 8,430,967</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable		\$ 551	\$ 53,307	\$ 7,673	\$ 61,531
Due to other funds			16,406	170,472	186,878
Deferred revenue				474,084	474,084
Advances from local improvement revolving fund		1,782,045		360,948	2,142,993
Total liabilities	<u>\$ -</u>	<u>1,782,596</u>	<u>69,713</u>	<u>1,013,177</u>	<u>2,865,486</u>
Fund balances:					
Restricted	727,152	489,012		496,857	1,713,021
Committed				241,536	241,536
Assigned		1,819,401		1,791,523	3,610,924
Total fund balances	<u>727,152</u>	<u>2,308,413</u>	<u>-</u>	<u>2,529,916</u>	<u>5,565,481</u>
Total liabilities and fund balances	<u>\$ 727,152</u>	<u>\$ 4,091,009</u>	<u>\$ 69,713</u>	<u>\$ 3,543,093</u>	<u>\$ 8,430,967</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-major Governmental Funds

Capital Project Funds

For the Year Ended June 30, 2013

	Library Building Authority Construction	Capital Improvement	Building Authority Construction	Special Assessment Construction	Total
REVENUES					
Special assessments				\$ 294,078	\$ 294,078
Net investment earnings (loss)	\$ (2,325)	\$ 12,614	\$ 153	25,732	36,174
Other		25,143		58,701	83,844
Total revenues	<u>(2,325)</u>	<u>37,757</u>	<u>153</u>	<u>378,511</u>	<u>414,096</u>
EXPENDITURES					
Construction and other costs	53,793	18,763		232,022	304,578
Capital outlay			303,299		303,299
Debt service:					
Interest charges				20,431	20,431
Total expenditures	<u>53,793</u>	<u>18,763</u>	<u>303,299</u>	<u>252,453</u>	<u>628,308</u>
Excess (deficiency) of revenues over (under) expenditures	(56,118)	18,994	(303,146)	126,058	(214,212)
OTHER FINANCING SOURCES (USES)					
Transfers in		1,163,299	303,146		1,466,445
Transfers out		(174,261)		(40,000)	(214,261)
Total other financing sources (uses)	<u>-</u>	<u>989,038</u>	<u>303,146</u>	<u>(40,000)</u>	<u>1,252,184</u>
Net change in fund balances	(56,118)	1,008,032	-	86,058	1,037,972
Fund balances - beginning	783,270	1,300,381	-	2,443,858	4,527,509
Fund balances - ending	<u>\$ 727,152</u>	<u>\$ 2,308,413</u>	<u>\$ -</u>	<u>\$ 2,529,916</u>	<u>\$ 5,565,481</u>

The notes to the financial statements are an integral part of this statement.

INTERNAL SERVICE FUNDS

These funds are cost control centers that operate on a full accrual basis to account for the financing of specific equipment and services provided to other City operations based on user charges.

FACILITIES MAINTENANCE

This fund accounts for the ongoing maintenance of the City's physical plant, as well as construction projects carried out by in-house staff. Annual pro-rated maintenance charges and non-recurring special project billings are collected from operating departments in support of this fund's activities.

MOTOR POOL

This fund acquires and maintains vehicles and equipment, including heavy construction & maintenance items and police & fire vehicles.

EQUIPMENT REVOLVING

This fund acquires and maintains office equipment for all operations and provides for replacement of fire equipment, parks and recreation equipment and library equipment.

INSURANCE RISK RETENTION

This fund is utilized to account for retroactive premium adjustments, as a provision for claims in excess of the City's insurance coverage, and for loss prevention and risk management initiatives.

LOCAL IMPROVEMENT REVOLVING

This fund was established to provide a means for the internal financing of public improvements, where appropriate. Most monies loaned to other funds are to be repaid with interest.

City of Southfield
Combining Statement of Net Position
Internal Service Funds
June 30, 2013

	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Local Improvement Revolving	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 3,023,068	\$ 3,422,795	\$ 7,159,650	\$ 2,522,155	\$ 9,672,072	\$ 25,799,740
Investments			871,064	1,802,059	1,882,467	4,555,590
Receivables, net	732	1,221	5,367	6,429	7,675	21,424
Prepays		22,816				22,816
Due from other funds	107,610	389,803		342,733	150,662	990,808
Due from component units					184,300	184,300
Inventory		384,782				384,782
Total current assets	<u>3,131,410</u>	<u>4,221,417</u>	<u>8,036,081</u>	<u>4,673,376</u>	<u>11,897,176</u>	<u>31,959,460</u>
Noncurrent assets:						
Restricted cash and cash equivalents				2,922,317		2,922,317
Long-term advances to other funds					2,167,595	2,167,595
Long-term advances to component units					2,735,468	2,735,468
Capital assets:						
Equipment and intangibles	399,555	13,873,029	10,287,744			24,560,328
Less accumulated depreciation	(245,871)	(11,576,019)	(7,553,353)			(19,375,243)
Net capital assets	<u>153,684</u>	<u>2,297,010</u>	<u>2,734,391</u>	<u>-</u>	<u>-</u>	<u>5,185,085</u>
Total noncurrent assets	<u>153,684</u>	<u>2,297,010</u>	<u>2,734,391</u>	<u>2,922,317</u>	<u>4,903,063</u>	<u>13,010,465</u>
Total assets	<u>3,285,094</u>	<u>6,518,427</u>	<u>10,770,472</u>	<u>7,595,693</u>	<u>16,800,239</u>	<u>44,969,925</u>
LIABILITIES						
Current liabilities:						
Accounts payable	270,469	85,111	6,153			361,733
Accrued payroll	45,332	19,675				65,007
General insurance accrual				712,950		712,950
Workers' compensation accrual				980,673		980,673
Due to other funds				33,387	19,920	53,307
Accrued compensated absences-due within 1 year	84,041	45,554				129,595
Total current liabilities	<u>399,842</u>	<u>150,340</u>	<u>6,153</u>	<u>1,727,010</u>	<u>19,920</u>	<u>2,303,265</u>
Noncurrent liabilities:						
Accrued compensated absences-due more 1 year	143,737	77,443				221,180
Other post-employment benefits	282,494	137,562		1,314		421,370
Total noncurrent liabilities	<u>426,231</u>	<u>215,005</u>	<u>-</u>	<u>1,314</u>	<u>-</u>	<u>642,550</u>
Total liabilities	<u>826,073</u>	<u>365,345</u>	<u>6,153</u>	<u>1,728,324</u>	<u>19,920</u>	<u>2,945,815</u>
NET POSITION						
Net investment in capital assets	153,684	2,297,010	2,734,391			5,185,085
Restricted for claims				2,922,317		2,922,317
Unrestricted	2,305,337	3,856,072	8,029,928	2,945,052	16,780,319	33,916,708
Total net position	<u>\$ 2,459,021</u>	<u>\$ 6,153,082</u>	<u>\$ 10,764,319</u>	<u>\$ 5,867,369</u>	<u>\$ 16,780,319</u>	<u>\$ 42,024,110</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield

Combining Statement of Revenues, Expenses, and Changes in Net Position

Internal Service Funds

For the Year Ended June 30, 2013

	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Local Improvement Revolving	Total
OPERATING REVENUES						
Charges for consumption and service:						
Charges to other funds	\$ 5,047,843	\$ 3,907,903				\$ 8,955,746
Other				\$ 539,226	\$ 191,745	730,971
Total operating revenue	5,047,843	3,907,903	\$ -	539,226	191,745	9,686,717
OPERATING EXPENSES						
Administration	1,919,257	26,290				1,945,547
Equipment and facility operation:						
Equipment maintenance		2,595,614	92,285			2,687,899
Communications		181,477				181,477
Maintenance staff	990,618					990,618
Custodial staff	1,767,201					1,767,201
Depreciation	18,041	823,586	675,813			1,517,440
Other				247,744	8,755	256,499
Total operating expenses	4,695,117	3,626,967	768,098	247,744	8,755	9,346,681
Operating income (loss)	352,726	280,936	(768,098)	291,482	182,990	340,036
NONOPERATING REVENUES						
Loss on disposal of assets		(3,973)	(907)			(4,880)
Net investment earnings (loss)	11,809	28,140	54,970	(16,448)	32,718	111,189
Other				176,827		176,827
Total nonoperating revenues	11,809	24,167	54,063	160,379	32,718	283,136
Income (loss) before transfers	364,535	305,103	(714,035)	451,861	215,708	623,172
Transfers out	(66,872)			(116,110)	(397,154)	(580,136)
Change in net position	297,663	305,103	(714,035)	335,751	(181,446)	43,036
Total net position - beginning	2,161,358	5,847,979	11,478,354	5,531,618	16,961,765	41,981,074
Total net position - ending	\$ 2,459,021	\$ 6,153,082	\$ 10,764,319	\$ 5,867,369	\$ 16,780,319	\$ 42,024,110

The notes to the financial statements are an integral part of this statement.

City of Southfield
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2013

	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Local Improvement Revolving	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from users	\$ 5,047,843	\$ 3,869,476	\$ 20,000	\$ 881,959	\$ 191,745	\$ 10,011,023
Cash paid to employees	(2,564,979)	(1,174,457)		(108,586)		(3,848,022)
Cash paid to suppliers	(1,861,123)	(1,753,504)	(141,717)	(230,596)	(8,755)	(3,995,695)
Net cash provided by (used in) operating activities	<u>621,741</u>	<u>941,515</u>	<u>(121,717)</u>	<u>542,777</u>	<u>182,990</u>	<u>2,167,306</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Advance (payment) within an interfund	788,296	214,088		(312,802)	1,750,475	2,440,057
Retroactive premium adjustments				176,827		176,827
Long-term advances					2,685,556	2,685,556
Payment of long-term advances received from component units					(1,149,782)	(1,149,782)
Transfers out	(66,872)			(116,110)	(397,154)	(580,136)
Net cash provided by (used in) noncapital and related financing activities	<u>721,424</u>	<u>214,088</u>		<u>(252,085)</u>	<u>2,889,095</u>	<u>3,572,522</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of and adjustments to property and equipment		(1,147,544)	(472,470)			(1,620,014)
Net cash provided by (used in) capital and related financing activities		<u>(1,147,544)</u>	<u>(472,470)</u>	<u>-</u>	<u>-</u>	<u>(1,620,014)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of investments, net of proceeds			(274,949)	(449,301)	(1,447,393)	(2,171,643)
Investment earnings (loss)	12,306	27,871	54,211	(18,875)	28,316	103,829
Net cash provided by investing activities	<u>12,306</u>	<u>27,871</u>	<u>(220,738)</u>	<u>(468,176)</u>	<u>(1,419,077)</u>	<u>(2,067,814)</u>
Net increase (decrease) in cash, cash equivalents	1,355,471	35,930	(814,925)	(177,484)	1,653,008	2,052,000
Cash, cash equivalents, beginning of year	1,667,597	3,386,865	7,974,575	5,621,956	8,019,064	26,670,057
Cash, cash equivalents, end of year	<u>\$ 3,023,068</u>	<u>\$ 3,422,795</u>	<u>\$ 7,159,650</u>	<u>\$ 5,444,472</u>	<u>\$ 9,672,072</u>	<u>\$ 28,722,057</u>
Balance sheet reconciliation of cash & cash equivalents						
Cash, cash equivalents	\$ 3,023,068	\$ 3,422,795	\$ 7,159,650	\$ 2,522,155	\$ 9,672,072	\$ 25,799,740
Restricted cash, cash equivalents				2,922,317		2,922,317
Total cash, cash equivalents	<u>\$ 3,023,068</u>	<u>\$ 3,422,795</u>	<u>\$ 7,159,650</u>	<u>\$ 5,444,472</u>	<u>\$ 9,672,072</u>	<u>\$ 28,722,057</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 352,726	\$ 280,936	\$ (768,098)	\$ 291,482	\$ 182,990	\$ 340,036
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Depreciation	18,041	823,586	675,813			1,517,440
OPEB obligation	243,251	119,269				362,520
Prepays		(13,942)	20,000	342,733		348,791
Inventory		(24,485)				(24,485)
Accounts payable	62,459	(200,282)	(49,432)			(187,255)
Accrued payroll, including compensated absences due in less than one year	(3,562)	(18,324)				(21,886)
General insurance accrual				(573,071)		(573,071)
Workers' compensation accrual				481,633		481,633
Accrued compensated absences	(51,174)	(25,243)				(76,417)
Net cash provided by (used in) operating activities	<u>\$ 621,741</u>	<u>\$ 941,515</u>	<u>\$ (121,717)</u>	<u>\$ 542,777</u>	<u>\$ 182,990</u>	<u>\$ 2,167,306</u>

The notes to the financial statements are an integral part of this statement.

FIDUCIARY FUNDS

Fiduciary Funds or Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other City funds. These include Expendable, Nonexpendable, and Pension Trust Funds and Agency Funds. Expendable Trust and Agency Funds are accounted for and reported as Governmental Funds.

TRUST

PENSION TRUST

These funds account for employee and employer pension contributions, accumulated assets, administrative expenses, investment income and payments to beneficiaries. The funds include the Southfield Employee Retirement System and the Fire & Police Retirement System.

RETIREE HEALTH CARE BENEFITS PLAN & TRUST

The fund accounts for employer post retirement health care contributions, accumulated assets, administrative expenses and investment income. Payments for beneficiaries are not anticipated until the reserves for post retirement health care benefits have been depleted in the pension trusts.

City of Southfield
Combining Statement of Fiduciary Net Position
Pension and Other Post-Employment Benefits Trust Funds
June 30, 2013

	Pension		Other Post-	Totals
	Southfield Employee Retirement System	Fire & Police Retirement System	Employment Benefits Retiree Health Care Benefits Plan & Trust	
ASSETS				
Cash and cash equivalents	\$ 172,709	\$ 6,923,420	\$ 43,278	\$ 7,139,407
Investments, at fair value:				
Government obligations	10,851,063	25,523,185	12,132,561	48,506,809
Corporate bonds	5,946,428	29,918,148	4,603,430	40,468,006
Common stock	78,607,357	91,276,993	32,561,824	202,446,174
Real estate and other	10,982,170	27,737,292	305,211	39,024,673
Total investments	106,387,018	174,455,618	49,603,026	330,445,662
Cash and investments held as collateral for securities lending:				
Certificates of deposit		9,390,642		9,390,642
Repurchase agreements		8,715,367		8,715,367
Time deposits		6,077,472		6,077,472
Agency bonds and notes		3,881,998		3,881,998
Commercial paper		3,037,073		3,037,073
Variable rate certificates of deposit		864,884		864,884
Asset backed commercial paper		715,192		715,192
Variable rate notes/bonds	1,817,677	219,547		2,037,224
Medium term notes		96,468		96,468
Corporate bonds		26,612		26,612
Sweep vehicles		239,506		239,506
Non-cash collateral		243,125		243,125
Total securities lending	1,817,677	33,507,886	-	35,325,563
Receivables, net	175,154		995,125	1,170,279
Prepaid			706,520	706,520
Total assets	108,552,558	214,886,924	51,347,949	374,787,431
LIABILITIES				
Accounts payable and accrued payroll	1,359,426	3,923		1,363,349
Due to other governmental units	756,288			756,288
Obligations under securities lending agreements	1,994,575	33,507,886		35,502,461
Total liabilities	4,110,289	33,511,809	-	37,622,098
NET POSITION				
Restricted for pension benefits	104,442,269	181,375,115		285,817,384
Restricted for post-retirement health care benefits			51,347,949	51,347,949
Total net position	\$ 104,442,269	\$ 181,375,115	\$ 51,347,949	\$ 337,165,333

The notes to the financial statements are an integral part of this statement.

City of Southfield

Combining Statement of Changes in Fiduciary Net Position Pension and Other Post-Employment Benefits Trust Funds For the Year Ended June 30, 2013

	Pension		Other Post-	Totals
	Southfield Employee Retirement System	Fire & Police Retirement System	Employment Benefits Retiree Health Care Benefits Plan & Trust	
ADDITIONS				
Contributions:				
Plan members	\$ 767,461	\$ 530,856	\$ 701,967	\$ 2,000,284
Employer	2,498,235	5,107,319	6,848,632	14,454,186
Total contributions	<u>3,265,696</u>	<u>5,638,175</u>	<u>7,550,599</u>	<u>16,454,470</u>
Investment activity:				
Net increase in				
fair value of investments	15,418,657	17,125,273	2,208,261	34,752,191
Investment earnings (loss)	587,151	2,307,817	(1,286)	2,893,682
Dividends	882,200	1,854,516	1,778,827	4,515,543
Other	25,201			25,201
Total investment activity	<u>16,913,209</u>	<u>21,287,606</u>	<u>3,985,802</u>	<u>42,186,617</u>
Less investment expense:	513,440	608,442	77,965	1,199,847
Net investment activity	<u>16,399,769</u>	<u>20,679,164</u>	<u>3,907,837</u>	<u>40,986,770</u>
Total additions, net	<u>19,665,465</u>	<u>26,317,339</u>	<u>11,458,436</u>	<u>57,441,240</u>
DEDUCTIONS				
Benefits	9,241,789	13,359,058		22,600,847
Health care expense		1,283,458	5,565,033	6,848,491
Administrative expense	166,742	470,177	103,353	740,272
Total deductions	<u>9,408,531</u>	<u>15,112,693</u>	<u>5,668,386</u>	<u>30,189,610</u>
Net increase	10,256,934	11,204,646	5,790,050	27,251,630
Net position - beginning	<u>94,185,335</u>	<u>170,170,469</u>	<u>45,557,899</u>	<u>309,913,703</u>
Net position - ending	<u>\$ 104,442,269</u>	<u>\$ 181,375,115</u>	<u>\$ 51,347,949</u>	<u>\$ 337,165,333</u>

The notes to the financial statements are an integral part of this statement.

(This page left intentionally blank.)

FIDUCIARY FUNDS

AGENCY

IMPREST PAYROLL

This fund is a clearing-account for payroll disbursements which is replenished from other funds.

DEPOSITS AND ESCROW

This fund is for builders' cash bonds and similar escrow deposits or prepaid taxes.

46TH DISTRICT COURT

This fund is for the activity of adjoining municipalities served by the 46th District Court of the State of Michigan. The City acts as district control unit for the 46th District Court.

City of Southfield

Combining Statement of Fiduciary Net Position

Agency Funds

June 30, 2013

	<u>Imprest Payroll</u>	<u>Deposits and Escrow</u>	<u>46th District Court</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 153,737	\$ 4,139,444	\$ 745,149	\$ 5,038,330
Investments		280,376		280,376
Receivables, net		1,744		1,744
Total assets	<u>\$ 153,737</u>	<u>\$ 4,421,564</u>	<u>\$ 745,149</u>	<u>\$ 5,320,450</u>
LIABILITIES				
Accounts payable	\$ 153,469	\$ 6,500		\$ 159,969
Deposits and escrow		4,413,987	\$ 249,898	4,663,885
Interest payable	268	1,077		1,345
Due to other governmental units			495,251	495,251
Total liabilities	<u>\$ 153,737</u>	<u>\$ 4,421,564</u>	<u>\$ 745,149</u>	<u>\$ 5,320,450</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2013

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
IMPREST PAYROLL				
ASSETS				
Cash and cash equivalents	\$ 162,278	\$ 64,268,231	\$ 64,276,772	\$ 153,737
TOTAL ASSETS	<u>\$ 162,278</u>	<u>\$ 64,268,231</u>	<u>\$ 64,276,772</u>	<u>\$ 153,737</u>
LIABILITIES				
Accounts payable	\$ 161,937	\$ 30,781,128	\$ 30,789,596	\$ 153,469
Interest payable	341	1,953	2,026	268
TOTAL LIABILITIES	<u>\$ 162,278</u>	<u>\$ 30,783,081</u>	<u>\$ 30,791,622</u>	<u>\$ 153,737</u>
DEPOSITS AND ESCROW				
ASSETS				
Cash and cash equivalents	\$ 3,831,645	\$ 132,116,171	\$ 131,808,372	\$ 4,139,444
Investments	281,004	189,917,418	189,918,046	280,376
Receivables, net	481	2,594	1,331	1,744
TOTAL ASSETS	<u>\$ 4,113,130</u>	<u>\$ 322,036,183</u>	<u>\$ 321,727,749</u>	<u>\$ 4,421,564</u>
LIABILITIES				
Accounts payable	\$ 3,350	\$ 776,452	\$ 773,302	\$ 6,500
Deposits and escrow	4,109,780	32,898,588	32,594,381	4,413,987
Interest payable	27,551	27,551	26,474	1,077
TOTAL LIABILITIES	<u>\$ 4,113,130</u>	<u>\$ 33,702,591</u>	<u>\$ 33,394,157</u>	<u>\$ 4,421,564</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2013

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
46th DISTRICT COURT				
ASSETS				
Cash and cash equivalents	\$ 764,204	\$ -	\$ 19,055	\$ 745,149
TOTAL ASSETS	<u>\$ 764,204</u>	<u>\$ -</u>	<u>\$ 19,055</u>	<u>\$ 745,149</u>
LIABILITIES				
Deposits and escrow	\$ 249,879	\$ 19		\$ 249,898
Due to other governmental units	514,325		\$ 19,074	495,251
TOTAL LIABILITIES	<u>\$ 764,204</u>	<u>\$ 19</u>	<u>\$ 19,074</u>	<u>\$ 745,149</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 4,758,127	\$ 196,384,402	\$ 196,104,199	\$ 5,038,330
Investments	281,004	189,917,418	189,918,046	280,376
Receivables, net	481	2,594	1,331	1,744
TOTAL ASSETS	<u>\$ 5,039,612</u>	<u>\$ 386,304,414</u>	<u>\$ 386,023,576</u>	<u>\$ 5,320,450</u>
LIABILITIES				
Accounts payable	\$ 165,287	\$ 31,557,580	\$ 31,562,898	\$ 159,969
Deposits and escrow	4,359,659	32,898,607	32,594,381	4,663,885
Interest payable	341	29,504	28,500	1,345
Due to other governmental units	514,325		19,074	495,251
TOTAL LIABILITIES	<u>\$ 5,039,612</u>	<u>\$ 64,485,691</u>	<u>\$ 64,204,853</u>	<u>\$ 5,320,450</u>

The notes to the financial statements are an integral part of this statement.

(continued)

City of Southfield, Michigan

Statistical Section June 30, 2013

This part of the City of Southfield's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	151
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	156
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	162
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	165
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	173
Continuing Disclosure Information contained herein complies with Rule 15c2-12, a federal regulation promulgated by the Securities and Exchange Commission, designed to improve disclosure practices in the municipal bond market.	177

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

City Of Southfield, Michigan

Net Position By Component Last Five Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 99,498,443	\$ 98,978,617	\$ 96,615,975	\$ 93,389,840	\$ 91,559,223
Restricted	17,184,888	16,985,243	26,807,000	27,527,622	24,842,971
Unrestricted	53,090,157	45,701,194	26,962,026	36,362,533	19,470,703
Total governmental activities net assets	<u>\$ 169,773,488</u>	<u>\$ 161,665,054</u>	<u>\$ 150,385,001</u>	<u>\$ 157,279,995</u>	<u>\$ 135,872,897</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 44,285,188	\$ 44,233,548	\$ 43,508,935	\$ 42,942,563	\$ 45,424,573
Unrestricted	19,768,774	26,001,817	32,925,387	40,881,674	42,737,431
Total business-type activities net assets	<u>\$ 64,053,962</u>	<u>\$ 70,235,365</u>	<u>\$ 76,434,322</u>	<u>\$ 83,824,237</u>	<u>\$ 88,162,004</u>
Primary government					
Invested in capital assets, net of related debt	\$ 143,783,631	\$ 143,212,165	\$ 140,124,910	\$ 136,332,403	\$ 136,983,796
Restricted	17,184,888	16,985,243	26,807,000	27,527,622	24,842,971
Unrestricted	72,858,931	71,703,011	59,887,413	77,244,207	62,208,134
Total primary government net assets	<u>\$ 233,827,450</u>	<u>\$ 231,900,419</u>	<u>\$ 226,819,323</u>	<u>\$ 241,104,232</u>	<u>\$ 224,034,901</u>

City Of Southfield, Michigan

Changes In Net Position Last Five Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses					
Governmental activities:					
General government	\$ 13,922,094	\$ 20,391,246	\$ 18,707,551	\$ 14,231,933	\$ 13,516,403
Public safety	46,895,967	47,493,784	44,108,179	41,684,855	49,874,106
Highway and streets	10,813,836	11,482,043	8,693,174	9,785,950	10,002,530
Public services	534,227	1,389,038	1,218,182	1,388,114	1,469,968
Sanitation	3,114,136	2,992,795	3,117,337	3,146,562	2,999,397
Community improvement	1,849,575	1,790,413	1,554,893	754,452	378,392
Social services	5,820,354	5,769,271	4,765,197	4,802,279	2,608,788
Culture and recreation	15,754,194	17,530,353	15,598,576	15,413,138	14,833,808
Interest on long-term debt	2,485,853	2,296,086	2,346,243	2,246,976	2,228,416
Total governmental activities expenses	<u>101,190,236</u>	<u>111,135,029</u>	<u>100,109,332</u>	<u>93,454,259</u>	<u>97,911,808</u>
Business-type activities:					
Water and sewer	27,080,634	27,331,285	28,956,192	31,348,426	32,946,783
Total primary government expenses	<u>\$ 128,270,870</u>	<u>\$ 138,466,314</u>	<u>\$ 129,065,524</u>	<u>\$ 124,802,685</u>	<u>\$ 130,858,591</u>
Program revenues					
Charges for services:					
General government	\$ 1,185,978	\$ 1,151,141	\$ 1,193,553	\$ 1,157,454	\$ 1,923,492
Public safety	7,184,088	7,672,765	8,334,575	8,432,922	8,352,338
Public services	1,000,017	642,088	633,602	745,171	605,056
Sanitation	2,788,701	3,255,094	3,142,554	3,135,091	3,161,928
Community improvement	307,361	469,455	295,215	322,502	149,078
Culture and recreation	4,036,391	3,907,991	3,966,195	4,174,246	4,184,976
Operating grants and contributions	11,774,151	14,502,804	11,355,728	13,024,964	9,725,082
Capital grants and contributions	506,150	1,100,000	-	74,886	332,053
Total governmental activities program revenues	<u>28,782,837</u>	<u>32,701,338</u>	<u>28,921,422</u>	<u>31,067,236</u>	<u>28,434,003</u>
Business-type activities:					
Charges for services:					
Water and sewer	30,990,998	33,039,764	35,022,377	38,002,545	38,241,205
Capital grants and contributions	-	-	-	161,652	121,440
Total business-type activities program revenues	<u>30,990,998</u>	<u>33,039,764</u>	<u>35,022,377</u>	<u>38,164,197</u>	<u>38,362,645</u>
Total primary government program revenues	<u>\$ 59,773,835</u>	<u>\$ 65,741,102</u>	<u>\$ 63,943,799</u>	<u>\$ 69,231,433</u>	<u>\$ 66,796,648</u>
Net (Expense)/Revenue					
Governmental activities	\$ (72,407,399)	\$ (78,433,691)	\$ (71,187,910)	\$ (62,387,023)	\$ (69,477,805)
Business-type activities	3,910,364	5,708,479	6,066,185	6,815,771	5,415,862
Total primary government net expense	<u>\$ (68,497,035)</u>	<u>\$ (72,725,212)</u>	<u>\$ (65,121,725)</u>	<u>\$ (55,571,252)</u>	<u>\$ (64,061,943)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes	\$ 62,427,297	\$ 60,128,647	\$ 50,811,665	\$ 60,710,702	\$ 59,510,906
Unrestricted state shared revenues	6,997,030	6,228,151	6,224,989	6,016,116	6,184,435
Unrestricted investment earnings	2,246,603	1,237,133	557,099	627,531	301,515
Gain on sale of capital assets	498,175	-	-	-	-
Miscellaneous	1,769,203	2,674,444	2,259,967	1,870,282	628,512
Transfers	53,991	56,882	54,137	57,386	986,505
Total governmental activities	<u>73,992,299</u>	<u>70,325,257</u>	<u>59,907,857</u>	<u>69,282,017</u>	<u>67,611,873</u>
Business-type activities:					
Grants and contributions not restricted to specific programs					
Unrestricted investment earnings (loss)	459,454	346,564	103,567	395,840	(112,248)
Miscellaneous	108,126	183,242	83,342	235,690	20,658
Transfers	(53,991)	(56,882)	(54,137)	(57,386)	(986,505)
Total business-type activities	<u>513,589</u>	<u>472,924</u>	<u>132,772</u>	<u>574,144</u>	<u>(1,078,095)</u>
Total primary government	<u>\$ 74,505,888</u>	<u>\$ 70,798,181</u>	<u>\$ 60,040,629</u>	<u>\$ 69,856,161</u>	<u>\$ 66,533,778</u>
Change in Net Position					
Governmental activities	\$ 1,584,900	\$ (8,108,434)	\$ (11,280,053)	\$ 6,894,994	\$ (1,865,932)
Business-type activities	4,423,953	6,181,403	6,198,957	7,389,915	4,337,767
Total primary government	<u>\$ 6,008,853</u>	<u>\$ (1,927,031)</u>	<u>\$ (5,081,096)</u>	<u>\$ 14,284,909</u>	<u>\$ 2,471,835</u>

City of Southfield, Michigan

**Fund Balances, Governmental Funds
Last Ten Fiscal Years**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	*	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund											
Non-spendable									\$ 1,148,696	\$ 1,087,648	\$ 1,126,971
Restricted									1,285,124	1,520,237	1,682,768
Committed									6,024,279	6,365,392	9,380,385
Assigned									45,123	2,565,093	2,366,529
Unassigned									486,981	1,574,840	1,932,931
Reserved	\$ 117,690	\$ 189,208	\$ 550,489	\$ 525,041	\$ 1,217,099	\$ 1,147,909	\$ 1,534,382				
Unreserved	<u>16,624,098</u>	<u>14,548,555</u>	<u>13,724,612</u>	<u>14,455,735</u>	<u>16,089,446</u>	<u>14,298,511</u>	<u>14,218,642</u>				
Total general fund	<u>\$ 16,741,788</u>	<u>\$ 14,737,763</u>	<u>\$ 14,275,101</u>	<u>\$ 14,980,776</u>	<u>\$ 17,306,545</u>	<u>\$ 15,446,420</u>	<u>\$ 15,753,024</u>		<u>\$ 8,990,203</u>	<u>\$ 13,113,210</u>	<u>\$ 16,489,584</u>
Local Street Fund **											
Non-spendable											
Restricted										\$ 3,635,875	\$ 1,985,106
Committed										254,651	
Assigned											
Unassigned											
Total local street fund										<u>\$ 3,890,526</u>	<u>\$ 1,985,106</u>
Capital Improvement Fund **											
Non-spendable											
Restricted	\$ 7,206,768	\$ 1,682,220	\$ 651,713	\$ (70,062)	\$ 403,056	\$ 1,345,019	\$ 2,150,270		\$ 684,676	\$ 665,137	
Committed											
Assigned									343,604	635,242	
Unassigned											
Total capital improvement fund	<u>\$ 7,206,768</u>	<u>\$ 1,682,220</u>	<u>\$ 651,713</u>	<u>\$ (70,062)</u>	<u>\$ 403,056</u>	<u>\$ 1,345,019</u>	<u>\$ 2,150,270</u>		<u>\$ 1,028,280</u>	<u>\$ 1,300,379</u>	
Other Governmental Funds											
Non-spendable									\$ 158,289	\$ 112,180	\$ 100,832
Restricted									22,181,680	18,171,039	17,767,970
Committed									2,545,386	3,396,257	3,817,656
Assigned									1,568,063	1,534,454	3,610,924
Unassigned									(1,130,144)	(706,268)	(140,715)
Reserved	\$ 3,407,858	\$ 18,675,070	\$ 9,284,327	\$ 7,805,333	\$ 9,488,625	\$ 7,025,900	\$ 6,716,141				
Unreserved, reported in:											
Special revenue funds	10,445,192	11,817,766	16,311,683	19,117,959	16,124,569	17,854,293	19,231,796				
Total other governmental funds	<u>\$ 13,853,050</u>	<u>\$ 30,492,836</u>	<u>\$ 25,596,010</u>	<u>\$ 26,923,292</u>	<u>\$ 25,613,194</u>	<u>\$ 24,880,193</u>	<u>\$ 25,947,937</u>		<u>\$ 25,323,274</u>	<u>\$ 22,507,662</u>	<u>\$ 25,156,667</u>

* Fund balance classifications were changed as a result of the implementation of GASB 54 for 6/30/11.

City of Southfield, Michigan

Changes In Fund Balances, Governmental Funds Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>*</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues											
Property taxes	\$ 54,873,260	\$ 56,580,394	\$ 57,438,780	\$ 59,906,757	\$ 62,138,582	\$ 58,479,539	\$ 64,076,424	\$	50,811,665	\$ 60,710,702	\$ 59,318,129
Special assessments	256,106	226,617	351,650	391,334	582,286	307,360	469,453	-	295,215	322,503	337,955
Program earnings	-	-	-	-	-	-	266,303	-	89,708	46,432	-
Charges for services	4,840,769	5,724,118	6,105,995	6,161,016	5,773,170	5,962,325	5,543,522	-	5,701,533	5,805,936	5,855,958
Sanitation	2,796,697	2,891,792	3,174,219	3,288,850	3,298,391	2,788,701	3,255,094	-	3,142,554	3,135,091	3,161,928
Licenses and permits	2,139,257	2,284,166	2,415,319	2,266,707	2,303,092	1,929,428	2,047,212	-	2,143,357	2,133,162	2,062,659
Fines and forfeitures	3,654,601	3,448,333	4,541,759	4,676,288	4,630,338	4,301,060	4,363,309	-	4,725,666	4,940,172	4,562,075
Federal forfeitures	-	-	-	-	-	-	-	-	-	-	60,531
Cable royalties	794,955	784,539	796,165	933,968	1,042,624	1,241,083	1,419,934	-	1,557,363	1,630,516	1,550,192
Intergovernmental:	21,151,052	19,171,434	-	-	-	-	-	-	-	-	-
Federal	-	-	3,425,270	5,262,829	5,140,874	5,720,885	8,294,298	-	5,358,682	6,530,716	3,566,630
State	-	-	13,460,688	11,591,002	10,822,057	15,974,466	11,216,633	-	11,275,646	11,120,784	11,515,990
Other	-	-	1,865,718	877,146	842,908	792,977	899,853	-	677,982	1,253,776	771,331
Contributions and donations	164,355	145,494	153,597	200,330	163,091	122,515	153,873	-	340,387	164,257	80,855
Net investment earnings	391,341	1,290,051	2,128,092	3,718,849	4,341,970	2,246,593	1,237,125	-	557,100	627,531	301,516
Other	4,358,997	1,094,619	1,497,722	2,072,421	2,199,173	1,868,587	3,674,444	-	2,098,278	1,695,658	628,518
Total revenues	<u>95,421,390</u>	<u>93,641,557</u>	<u>97,354,974</u>	<u>101,347,497</u>	<u>103,278,556</u>	<u>101,735,519</u>	<u>106,917,477</u>	<u>-</u>	<u>88,775,136</u>	<u>100,117,236</u>	<u>93,774,267</u>
Expenditures											
General government	13,181,000	10,450,600	12,902,435	14,237,883	10,087,795	10,987,723	10,207,779	-	9,572,707	8,704,424	8,118,011
Public safety	40,913,571	42,957,930	43,448,812	43,818,743	46,039,407	45,968,224	46,186,698	-	46,209,990	44,213,881	43,909,381
Highways and streets	9,938,064	8,366,140	15,962,775	11,224,023	9,979,749	12,277,818	10,774,737	-	8,981,332	6,294,730	5,841,206
Public services	666,943	1,071,101	1,141,958	1,244,991	1,016,601	839,089	766,661	-	820,990	696,105	609,558
Sanitation	3,384,947	3,098,198	3,005,450	3,135,037	3,318,995	3,114,136	2,992,795	-	3,117,337	3,146,562	2,999,397
Community improvement	1,097,284	804,973	688,469	983,888	766,041	1,849,947	1,534,952	-	1,555,446	755,660	378,392
Social services	3,070,466	2,883,289	3,059,036	3,626,144	4,044,774	5,559,894	5,710,361	-	4,707,580	4,556,490	2,435,970
Culture and recreation	16,075,431	14,267,105	15,200,412	14,754,784	15,337,823	14,986,054	14,853,419	-	15,262,884	13,202,079	11,980,291
Insurance and bonds	709,707	632,071	685,698	700,088	700,088	592,966	603,227	-	558,454	529,578	529,432
Support services	5,694,201	3,738,158	4,586,846	3,685,933	5,075,993	3,399,010	4,788,658	-	4,340,936	4,998,157	5,678,180
Other	2,147,253	7,403,661	1,913,946	1,505,418	2,162,297	1,440,274	3,057,515	-	1,464,158	556,950	387,455
Capital outlay	-	-	-	-	-	-	-	-	-	3,273,984	3,912,443
Debt service	-	-	-	-	-	-	-	-	-	-	-
Principal retirement	2,948,637	1,317,119	1,150,655	1,486,950	3,113,402	2,247,151	2,434,284	-	2,218,042	2,352,075	2,335,790
Interest and fiscal charges	2,323,407	2,276,831	2,522,495	2,442,607	2,648,689	2,401,280	2,305,876	-	2,359,384	2,258,317	2,201,538
Total expenditures	<u>102,150,911</u>	<u>99,267,176</u>	<u>106,268,987</u>	<u>102,846,489</u>	<u>104,193,515</u>	<u>105,663,566</u>	<u>106,216,962</u>	<u>-</u>	<u>101,169,240</u>	<u>95,538,992</u>	<u>91,317,044</u>
Excess of revenues over (under) expenditures	(6,729,521)	(5,625,619)	(8,914,013)	(1,498,992)	(914,959)	(3,928,047)	700,515	-	(12,394,104)	4,578,244	2,457,223
Other Financing Sources (Uses)											
Bond/Loan proceeds	4,851,171	12,441,024	-	-	932,958	792,290	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	498,175	-	-	-	174,627	-
Transfers in	10,348,811	7,447,155	14,918,362	8,811,134	6,614,191	5,444,907	6,162,236	-	7,642,338	3,923,927	4,552,193
Proceeds on long-term debt	-	-	-	-	-	-	-	-	-	-	3,430,000
Bond issuance cost	-	-	-	-	-	-	-	-	-	-	(42,139)
Transfers out	(7,519,798)	(5,151,347)	(13,706,042)	(6,000,960)	(5,143,401)	(4,458,488)	(4,683,152)	-	(3,757,708)	(3,206,778)	(2,985,552)
Payment to escrow fund for refunding	-	-	-	-	-	-	-	-	-	-	(3,387,861)
Total other financing sources (uses)	<u>7,680,184</u>	<u>14,736,832</u>	<u>1,212,320</u>	<u>2,810,174</u>	<u>2,403,748</u>	<u>2,276,884</u>	<u>1,479,084</u>	<u>-</u>	<u>3,884,630</u>	<u>891,776</u>	<u>1,566,641</u>
Net change in fund balances	<u>\$ 950,663</u>	<u>\$ 9,111,213</u>	<u>\$ (7,701,693)</u>	<u>\$ 1,311,182</u>	<u>\$ 1,488,789</u>	<u>\$ (1,651,163)</u>	<u>\$ 2,179,599</u>	<u>\$</u>	<u>\$(8,509,474)</u>	<u>\$ 5,470,020</u>	<u>\$ 4,023,864</u>

City Of Southfield, Michigan

General Fund Balance Compared To Annual Expenditures Last Ten Fiscal Years

Fiscal Year Ending June 30	Undesignated Fund Balance	Unassigned Fund Balance	Annual Expenditures	Balance As Percent Of Expenditures
2004	\$ 2,972,962		\$ 61,147,556	4.9 %
2005	5,711,531		61,159,478	9.3
2006	5,922,094		61,966,586	9.6
2007	5,946,729		62,582,301	9.5
2008	5,980,632		66,073,509	9.1
2009	4,274,837		64,249,281	7.0
2010	1,282,152		65,064,386	2.0
2011	*	\$ 486,981	64,128,702	0.8
2012		1,574,840	62,374,108	2.5
2013		1,932,931	62,397,410	3.1

* Fund balance classifications were changed as a result of the implementation of GASB 54 for 6/30/11.

City of Southfield, Michigan

General Governmental Tax Revenue By Source Last Ten Fiscal Years

Governmental Funds									
Fiscal Year Ending June 30	Major Funds		Non-Major Funds						
	General Fund	Local Streets	Special Revenue				Debt Service		
			Municipal Fund	Parks & Recreation	Library	Major Streets	Capital	Drains-at-Large	
2004	10.9002	0.9440	0.4913	1.6524	2.0934		0.2615	-	
2005	11.0436	0.9440	0.4227	1.6524	2.0934		0.0277	0.1590	
2006	11.1515	0.9440	0.4227	1.6524	2.0934		-	0.0788	
2007	11.1191	0.9440	0.3361	1.6524	2.0934		-	0.1978	
2008	11.2091	0.9440	0.2539	1.6524	2.0934		-	0.1900	
2009	11.1364	0.9440	0.3322	1.6524	2.0934		-	0.1844	
2010	11.1419	0.9440	0.3370	1.6524	2.0934		-	0.1741	
2011	11.3115	1.0260	*	-	1.6524	2.0934	0.0854	-	0.1741
2012	16.5004	1.0883	-	1.7500	2.8000	0.1324	-	0.3591	
2013	17.4638	1.1059	-	1.7500	2.8000	0.1148	-	0.4873	

* In 2011, the Municipal fund was eliminated and its corresponding millage was allocated to the Major and Local streets funds as a result of the implementation of GASB 54.

City Of Southfield, Michigan

Property Tax Levies and Collections Last Ten Fiscal Years

<u>Fiscal Year Ending June 30</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent Of Levy Collected</u>	<u>Delinquent Real Tax Reimburse</u>	<u>Delinquent Personal Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent Of Total Tax Collect. To Tax Levy</u>	<u>Out-standing Delinq. Personal Taxes</u>	<u>Percent of Delinq. Taxes To Tax Levy</u>
2004	\$ 52,521,185	\$ 49,823,413	94.9 %	\$ 2,154,404	\$ 40,969	\$ 52,018,785	99.0 %	\$ 539,288	1.0 %
2005	54,916,497	52,142,667	94.9	2,286,487	37,729	54,466,883	99.2	487,285	0.9
2006	56,401,493	53,191,336	94.3	2,775,221	37,174	56,003,731	99.3	385,036	0.7
2007	57,479,365	53,734,965	93.5	3,506,368	64,980	57,306,313	99.7	169,503	0.3
2008	59,298,870	55,100,862	92.9	3,913,538	203,884	59,218,284	99.9	77,138	0.1
2009	59,875,490	56,077,575	93.7	3,520,784	46,599	59,644,958	99.6	225,257	0.4
2010	57,966,394	53,960,012	93.1	3,712,273	81,942	57,754,227	99.6	210,996	0.4
2011	48,073,059	44,762,478	93.1	3,103,510	118,769	47,984,757	99.8	83,409	0.2
2012	58,366,953	54,778,491	93.9	3,207,968	47,337	58,033,796	99.4	333,157	0.6
2013	58,239,005	54,583,381	93.7	3,321,912	71,291	57,976,584	99.5	261,021	0.4

City Of Southfield, Michigan

Largest Taxpayers Last Ten Fiscal Years

2013 Rank	Taxpayer	2013 Taxable Value	Percentage of Total	2004 Taxable Value	Percentage of Total	2004 Rank
1	Bre Southfield	\$ 67,667,590	2.7%	\$ 115,222,800	3.5%	1
2	Verizon Wireless	35,412,980	1.4	31,938,290	1.0	7
3	Galleria Properties	31,784,030	1.3			
4	DTE Electronic Company	27,382,760	1.1	43,677,150	1.3	3
5	Denso International America	24,689,820	1.0			
6	Ramco Gershenson Properties	21,933,060	0.9	25,583,550	0.8	12
7	Lear Corporation	21,703,030	0.9			
8	AT&T Services	18,435,800	0.7			
9	Allied Phase One Venture	17,922,390	0.7	30,434,120	0.9	6
10	Hartman & Tyner	17,119,690	0.7	29,797,320	0.9	9
Total taxable value 2013 -->		\$ 2,522,981,550		\$ 3,268,025,510	<-- Total taxable value 2004	

City Of Southfield, Michigan

Assessed Value (AV) Of Taxable Property Last Ten Fiscal Years

State Equalized Valuation (SEV) (1) / Taxable Valuation (TV) (2)

FY Ending	Real	Personal	Total			Increase/ Decrease
June 30	Property(AV)	Property(AV)	Property(SEV)	TV		
2004	\$ 3,583,436,040	\$ 457,372,200	\$ 4,040,808,240	\$ 3,268,025,510	TV	1.1 %
2005	3,727,441,360	452,521,050	4,179,962,410	3,386,748,000	TV	3.6
2006	3,800,543,077	437,831,900	4,238,374,977	3,482,684,152	TV	2.8
2007	3,870,636,770	434,458,060	4,305,094,830	3,604,818,967	TV	3.5
2008	3,928,252,190	443,694,640	4,371,946,830	3,725,952,640	TV	3.4
2009	3,879,379,890	431,953,600 (4)	4,311,333,490 (4)	3,752,556,640	TV	0.7
2010	3,534,176,302	431,331,530 (4)	3,965,507,832 (4)	3,656,625,252	TV	(2.6) (3)
2011	(4) 2,885,022,310	411,235,320	3,296,257,630	3,105,202,030	TV	(15.1)
2012	2,466,923,090	392,400,400	2,859,323,490	2,695,302,360	TV	(13.2)
2013	2,289,025,280	377,756,530	2,666,781,810	2,522,981,550	TV	(6.4)

Notes:

- (1) In accordance with the 1970 State of Michigan Constitution, SEV is 50% of appraised or estimated fair market value.
- (2) On March 15, 1994, Michigan voters approved changes in the property tax system which affects municipal budgets by placing a cap on taxable value (TV) that is used to compute property tax revenues. Under the changes, effective with the 1995-96 fiscal year, real property assessed value (AV) continues to be adjusted to reflect fair market value, while the taxable value adjustment is limited to the lesser of 5% or the rate of inflation provided the property remained in the same ownership. Upon a property transfer, the cap is removed the following year, increasing the taxable value to the same level as the assessed value, thus established a new base for the again capped taxable value. Previously, real property was adjusted to market value for tax purposes on an annual basis and was not subject to a per parcel limitation or cap. Prior to the 1995-96 fiscal year, all assessed value was taxable. Now, and in the future, some growth in assessed value will not be taxable. The traditional terminology of "State Equalized Value" (SEV) still exists. However, since SEV no longer represents the tax revenue producing power of a municipality, the term "taxable value" is now the fiscally relevant terminology.
- (3) Assessing department provided corrected data to realign data by fiscal year for FY2002 - FY2010.
- (4) Source: City of Southfield, Assessing Department.

City of Southfield, Michigan

Property Tax Rates (Per \$1,000 of Taxable Assessed Value)

Fiscal Year Ending June 30	General Fund			Special Revenue Funds				Debt Service Funds			Total All Rates
	Public Safety	PA 59 Expansion of 2012	Fire & Police Retirement	Parks & Rec.	Library	Street Maint.	Public Act 298 of 1917	Drains- At- Large	Building Authority		
	Operating	Expansion	Retirement	Rec.	Library	Maint.	of 1917	Large	Authority		
2004	6.609	2.833	0.000	1.458	1.652	2.093	0.944	0.491	0.000	0.262	16.342
2005	6.609	2.833	0.000	1.602	1.652	2.093	0.944	0.423	0.159	0.028	16.343
2006	6.609	2.833	0.000	1.710	1.652	2.093	0.944	0.423	0.079	0.000	16.343
2007	6.609	2.833	0.000	1.677	1.652	2.093	0.944	0.336	0.198	0.000	16.342
2008	6.609	2.833	0.000	1.767	1.652	2.093	0.944	0.254	0.190	0.000	16.341
2009	6.609	2.833	0.000	1.695	1.652	2.093	0.944	0.332	0.184	0.000	16.342
2010	6.609	2.833	0.000	1.700	1.652	2.093	0.944	0.337	0.174	0.000	16.342
2011	6.609	2.833	0.000	1.869	1.652	2.093	0.944	0.167	0.174	0.000	16.342
2012	6.609	6.891	0.000	3.000	1.750	2.800	1.000	0.221	0.359	0.000	22.630
2013	6.609	6.891	0.021	3.942	1.750	2.800	1.000	0.221	0.487	0.000	23.722

ALL OVERLAPPING GOVERNMENTS

Fiscal Year Ending June 30	General Fund	Special Revenue Funds	Debt Service Funds	Total City	Southfield Public School * *	Oakland County Intermediate	Oakland County Operating Levy + +	Oakland County Community College	Total *	City % of Total	Birmingham Public School +	Oak Park Public School +
2004	10.900	5.181	0.262	16.343	27.895	3.400	5.247	1.598	54.481	30.0	16.427	12.310
2005	11.044	5.113	0.187	16.343	27.895	3.379	5.244	1.589	54.449	30.0	18.413	13.000
2006	11.152	5.112	0.079	16.343	27.893	3.369	5.241	1.584	54.430	30.0	18.210	13.000
2007	11.119	5.025	0.198	16.342	27.893	3.369	5.236	1.584	54.424	30.0	17.818	12.890
2008	11.208	4.943	0.190	16.341	27.250	3.369	5.236	1.584	53.780	30.4	17.160	12.970
2009	11.137	5.021	0.184	16.342	22.204	3.369	5.336	1.584	48.835	33.5	16.742	12.970
2010	11.142	5.026	0.174	16.342	25.247	3.369	5.336	1.584	51.878	31.5	17.375	12.970
2011	11.311	4.857	0.174	16.342	25.287	3.369	5.336	1.584	51.918	31.5	18.079	13.200
2012	16.500	5.771	0.359	22.630	26.487	3.369	5.336	1.584	59.406	38.1	19.024	15.000
2013	17.464	5.771	0.487	23.722	26.487	3.369	5.536	1.584	60.698	39.1	19.460	16.500

* Southfield Public Schools are used in the example because their portion of taxable assessed valuation is the largest in the City. Comparative rates are presented for Birmingham and Oak Park Schools.

* * Rate includes 6 mills for state education.

+ Homestead rate used.

+ + Includes Suburban Mobility Authority Regional Transportation (S.M.A.R.T) tax, Zoo Authority, and Art Institute.

Source: Southfield Treasurer's Office

City Of Southfield, Michigan

History of Constitutional Tax Rate Rollback Factors Required Under Proposal E (The "Headlee" Amendment) Ratified November 7, 1978

Fiscal Year Ending June 30	Preceding Year's TAV	-	Losses	X	CPI	=	TAV Ceiling	-	Actual TAV	-	New TAV	=	Adjusted TAV	Ratio (1)	Rollback Factor (2)
2004	\$ 3,230,941,830	\$	137,098,147		1.015		\$ 3,140,251,338	\$	3,268,025,510	\$	169,450,040	\$	3,098,575,470	1.0135	0.9440
2005	3,268,025,510		102,696,868		1.023		3,238,131,201		3,386,748,000		197,099,758		3,189,648,242	1.0152	0.9440
2006	3,386,748,000		113,723,281		1.023		3,348,304,288		3,482,084,152		136,257,076		3,345,827,076	1.0007	0.9440
2007	3,482,684,152		86,930,522		1.033		3,507,193,700		3,604,818,967		140,348,534		3,464,470,433	1.0123	0.9440
2008	3,604,818,967		94,159,344		1.037		3,640,554,029		3,725,952,640		129,377,149		3,596,575,491	1.0122	0.9440
2009	3,725,952,640		34,955,818		1.023		3,775,889,749		3,752,219,740		62,794,559		3,689,425,181	1.0234	0.9440
2010	3,752,219,740		61,761,943		1.044		3,852,837,940		3,656,625,252		100,407,629		3,556,217,623	1.1781	0.9440
2011	3,656,625,252		62,575,642		0.997		3,583,267,461		3,105,202,030		63,534,400		3,041,667,630	1.1781	0.9440
2012	3,105,202,030		65,378,124		1.017		3,091,500,912		2,695,302,360		70,430,130		2,624,872,230	1.1778	0.9440
2013	2,695,302,360		65,017,432		1.027		2,701,302,621		2,523,872,910		90,161,072		2,433,711,838	1.1100	0.9440

Notes:

- (1) Ratio of TAV ceiling to adjusted TAV.
- (2) The rollback factor is intended to provide local taxing units with a tax revenue ceiling, equal to 1978 authorized millage rates times 1978 assessments increased only by the official Consumer Price Index (CPI) index plus new construction. Any excess property tax authority above this ceiling is "rolled back" through application of a millage reduction fraction. The 1978 base millage reduction fraction was 1.000, which becomes the upper limit for future factors. As a compound millage reduction factor, the factor for one year is the product of the rollback factor of the previous year multiplied by the ratio of inflated taxable assessed value (TAV) divided by adjusted TAV of the current year. The inflated TAV for any year is calculated by multiplying the TAV of the previous year by the consumer price index for that year. This is compared to the adjusted TAV or the actual TAV for that year less net new construction (additions minus losses).

Source: Assessing Department Data

City Of Southfield, Michigan

Computation of Direct and Overlapping Debt at June 30, 2013

			<u>Principal Amount Outstanding</u>	<u>Debt Principal Per Capita (1) (Pop. 71,739)</u>	<u>% Of State Equalized Value \$ 2,666,781,810</u>
DIRECT AND INDIRECT DEBT					
<u>Direct Debt</u>					
General Obligation Bonds-Limited Tax			\$ 260,000		
General Obligation Bonds-Limited Tax-Refunding			3,430,000		
Building Authority Bonds			2,511,500		
Water & Sewer Revenue Bonds			17,388,789		
Michigan Transportation Fund Bonds			7,390,000		
Direct Debt			30,980,289	\$ 431.85	1.16 %
<u>Indirect Debt</u>					
Oakland County Contractual Obligations:					
Drains-At-Large		\$ 6,899,086			
Indirect Debt			6,899,086	96.17	0.26
Gross Debt			37,879,375	528.02	1.42
<u>OVERLAPPING DEBT (2)</u>					
Southfield School District	95.05%	\$ 70,688,685			
Oak Park School District	24.37	4,449,325			
Birmingham School District	1.92	3,695,616			
Oakland County at Large	4.95	5,929,095			
Oakland County Intermediate School District	4.96	2,810,832			
Oakland County Community College	4.98	187,497			
Overlapping Debt			87,761,050	1,223.34	3.29
			\$ 125,640,425	\$ 1,751.35	4.71 %

Note:

(1) Final 2010 census data from the U.S. Census Bureau.

(2) Overlapping debt figures as of 6/30/2013 supplied by the Michigan Advisory Council, Detroit, Michigan.

City Of Southfield, Michigan

Statement of Legal Debt Margin June 30, 2013

	Debt Margin Calculation				
	Gross Indebtedness	Statutory (1) Deductions	Net Indebtedness	Applicable Percentage	Statutory Limit
State Equalized Value at 12/31/11				100%	\$ 2,666,781,810
Debt Subject to Statutory Limitation					
General Obligation Bonds-Limited Tax	\$ 260,000		\$ 260,000		
General Obligation Bonds-Limited Tax-Refunding	3,430,000		3,430,000		
Building Authority Bonds	25,115,000		25,115,000		
Oakland County Contractual Obligations-Drains	6,899,036		6,899,036		
Restricted Indebtedness	\$ 35,704,036		35,704,036	10%	266,678,181
Michigan Transportation Fund Bond	7,390,000		7,390,000		
Emergency Bonds				3.75%	10,000,432
Special Assessment Bonds				12%	320,013,817
Total	43,094,036		\$ 43,094,036		\$ 596,692,430
State of Michigan Water Supply and Sewage Disposal Revenue Bonds					
Series to 6/30/02					
1998A (LTGO) 2.25%	682,048				
1998B (LTGO) 2.50%	6,265,000				
1999 (LTGO) 2.50%	6,001,741				
2000 (LTGO) 2.50%	4,440,000				
Total Water and Sewage Disposal Revenue Bonds		\$ 17,388,789			
Gross City Debt		\$ 60,482,825			

Notes:

(1) Deductions are allowed for restricted bond and interest redemption deposits held by fiscal agents.

City Of Southfield, Michigan

Ratio of Net General Debt To Taxable Value and Net Bonded Debt Per Capita Last Ten Fiscal Years

Fiscal Year Ending	Population ⁽²⁾	Taxable Value	Bonded Debt ⁽¹⁾	Less Funds Available In Debt <u>Service Funds</u>	Net <u>Bonded Debt</u>	Ratio Of Net Bonded Debt To Taxable Value	Net Bonded Debt Per Capita
June 30							
2004	78,296	3,268,025,510	49,070,764	1,277,020	47,793,744	1.46	610.42
2005	78,296	3,386,748,000	61,849,781	825,031	61,024,750	1.80	779.00
2006	78,296	3,482,084,152	60,180,237	484,670	59,695,567	1.71	762.43
2007	78,296	3,604,818,967	58,071,903	615,315	57,456,588	1.59	733.84
2008	78,296	3,725,952,640	55,114,960	626,862	54,488,098	1.46	695.92
2009	78,296 ^(2a)	3,752,219,740	52,822,465	544,301	52,278,164	1.39	667.70
2010	71,739	3,656,625,252	49,999,942	236,960	49,762,982	1.36	635.58
2011	71,739	3,105,202,030	47,781,901	-	47,781,901	1.54	666.05
2012	71,739	2,695,302,360	45,429,826	-	45,429,826	1.69	633.27
2013	71,739	2,522,981,550	43,094,036	550,347	42,543,689	1.69	593.03

Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures Last Ten Fiscal Years

Fiscal Year Ending	Debt Service Requirements			Total General <u>Expenditures (3)</u>	Ratio Of Debt Service To <u>Expenditures</u>
June 30	Principal	Interest	Total		
2004	4,108,847 ⁽⁴⁾	1,980,810	6,089,657	103,185,170	5.90
2005	1,050,703 ⁽⁵⁾	2,124,653	3,175,356	99,418,921	3.19
2006	1,790,844	2,510,103	4,300,947	99,838,380	4.31
2007	2,108,334	2,440,043	4,548,377	102,474,054	4.44
2008	3,113,402	2,648,689	5,762,091	104,193,515	5.53
2009	2,247,151	2,211,989	4,459,140	105,218,503	4.24
2010	2,128,301	2,170,293	4,298,594	107,150,835	4.01
2011	2,218,041	2,140,506	4,358,547	100,530,451	4.34
2012	2,352,075	2,063,617	4,415,692	98,871,731	4.47
2013	2,335,790 ⁽⁶⁾	2,051,732	4,387,522	94,468,782	4.64

Notes:

- (1) Excludes water revenue bonds
- (2) 2010 Census data from U.S. Census Bureau. (2a) Taxable Value updated by Assessing Dept.
- (3) Includes general, special revenue, capital, and component units.
- (4) Includes bond call.
- (5) Excludes bonds defeased in the amount of \$27,175,000.
- (6) Excludes refunding

City Of Southfield, Michigan

Demographic Statistics Last Ten Fiscal Years

Fiscal Year Ending Jun 30	Population (1)	Per Capita Income (2)(5)	Median Age (2)(5)	School Enrollment (3)	Unemployment Rate Percentage (4)	Retail Sales (000) (2)(6)
2004	78,296 \$	23,485	36.2	10,007	5.50% \$	2,342,814
2005	78,296	21,990	36.2	10,099	7.9	2,315,321
2006	78,296	22,501	36.8	9,916	7.7	2,029,972
2007	78,296	*	39.8	9,485	8.6	*
2008	78,296	*	38.0	9,205	9.5	*
2009	78,296	*	38.3	8,854	18.1	*
2010	71,739	29,816	40.1	8,188	13.6	*
2011	71,739	26,928	42.0	9,917	14.0	*
2012	71,739	28,692	42.4	9,191	11.2	*
2013	71,739	28,850	42.0	9,429	11.1	2,165,700

Notes:

(1) 1990/2000 Census Data From U.S. Census Bureau & * updated 2010 data and 2011 data from U.S. Census Bureau 2010

(2) Survey of Buying Power: Sales and Marketing Management; New York, N.Y.

(3) Southfield Public Schools, Southfield, Michigan/2010 Data from City-Data.Com

(4) Michigan Labor Market Information (State of Michigan, DLEG) formerly known as MI Empl Sec Comm/2010 City-Data.Co

(5) U.S. Census American Community Survey (For FY2007 and 2008)/2010 U.S. Census Fact Finder 2 as of June 2011

(6) Business demographics from combination of U.S. Census, American Community Surveys, www.BiggestUsCities.com

* Information not available

City Of Southfield, Michigan

Principal Employers Last Ten Calendar Years

Rank	Taxpayer 2014	2013 Employees	Percentage of Total	Rank	Taxpayer 2005*	2004 Employees	Percentage of Total
1	St. John Providence Hospital	3,600	2.78%	1	St. John Providence Hospital	3,600	2.78%
2	Lear Corporation	1,450	1.12	2	Blue Cross Blue Shield	2,750	2.13
3	DENSO	1,100	0.85	3	IBM	1,700	1.31
4	Blue Care Network	1,000	0.77	4	Lear Corporation	1,600	1.24
5	Credit Acceptance Corporation	940	0.73	5	Blue Care Network	1,000	0.77
6	Federal-Mogul Corporation	800	0.62	6	Real Estate One	943	0.73
7	COMAU	725	0.56	7	Federal Mogul	900	0.70
8	Metropolitan Life Insurance	675	0.52	8	DENSO	800	0.62
9	Comcast	650	0.50	9	Plante Moran	778	0.60
10	International Automotive Components	650	0.50	10	Credit Acceptance Corporation	685	0.53

Southeast Michigan Council of Governments estimate of jobs in 2005 for City of Southfield --> **129,320**

* Estimated figures

City Of Southfield, Michigan

Construction And Property Value Last Ten Calendar Years

Annual Construction By Category

--- Commercial & Industrial---

----- Multi-Family -----

---- Single Family ----

Calendar Year	Commercial & Industrial		Multi-Family		Single Family	
	Number Of Units	Value	Number Of Units	Value	Number Of Units	Value
2004	8	\$ 16,210,000	8	\$ 2,957,145	69	\$ 11,613,829
2005	12	27,060,063	0	-	71	10,531,501
2006	4	12,496,655	4	2,634,073	39	7,884,206
2007	16	25,352,632	3	2,820,569	42	9,688,170
2008 ⁽¹⁾	13	21,505,836	5	5,165,383	17	3,654,450
2009	9	17,433,423	0	-	5	970,728
2010	4	3,845,800	0	-	6	3,738,388
2011	3	3,095,020	0	-	2	356,712
2012	6	3,583,500	0	-	1	20,000
2013	3	1,675,000	0	-	1	214,560

Property S.E.V. By Category

	<u>Commercial</u>	<u>Industrial</u>	<u>Residential</u>
2004	\$ 1,773,624,540	\$ 60,869,190	\$ 1,748,942,310
2005	1,807,791,760	64,334,500	1,855,315,100
2006	1,801,405,640	64,725,410	1,934,412,027
2007	1,811,935,070	59,482,360	1,999,219,340
2008	1,807,018,700	78,808,770	2,042,424,720
2009	1,819,991,830	79,359,210	1,980,028,850
2010	1,789,855,022	96,125,570	1,648,195,710
2011	1,623,189,400	82,740,070	1,179,092,840
2012	1,447,107,940	63,315,040	956,500,110
2013	1,345,088,070	57,254,790	886,682,420

Notes:

(1) Building department corrected data for FY2008.

Source: City of Southfield Building and Assessing Departments

City Of Southfield, Michigan

Economic and Statistical History

June 30, 2013

AREA

26.7 square miles (since incorporation)

POPULATION

U.S. CENSUS <u>Age Distrib.</u>	1990		2000		2010	
	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
24 and under	22,101	29.2%	23,089	29.5%	20,857	29.1%
25 through 64	40,777	53.8%	43,319	55.3%	38,731	54.0%
65 and older	12,850	17.0%	11,888	15.2%	12,151	16.9%
Total Persons	75,728	100.0%	78,296	100.0%	71,739	100.0%

<u>Income Distrib.</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
\$ 5,000 and under	1,097	3.4%	-	-	-	-
5,000 - 9,999	1,774	5.5%	2,242	6.6%	2,680	8.5%
10,000 - 14,999	1,951	6.1%	1,412	4.2%	2,018	6.4%
15,000 - 24,999	3,988	12.4%	3,495	10.3%	3,941	12.5%
25,000 and over	23,331	72.6%	26,822	78.9%	22,888	72.6%
Total Households	32,141	100.0%	33,971	100.0%	31,527	100.0%

BUILDING CONSTRUCTION

<u>Year</u>	<u>Permits</u>	<u>Value</u>	<u>Year</u>	<u>Permits</u>	<u>Value</u>
2004	1,368	\$ 78,239,744	2009	1,034	\$ 67,130,316
2005	1,263	110,358,912	2010	973	42,675,431
2006	1,259	80,260,782	2011	712	35,753,539
2007	1,030	100,553,384	2012	994	54,775,981
2008	1,008	75,367,575	2013	1017	69,344,365

WATER & SEWER SERVICES

Users/Consumers: 18,758 Water and Sewer combined; 175 Sewer only and 1,397 Water only.
 Use & Consumption: 484,436,900 cubic feet purchased
 System Capacity: 34 million gallons per day (MGD)
 Distribution System: Southeastern Oakland County Water Authority consisting of 11 communities. Ten are active with their own systems.

Economic and Statistical History (continued)

WATER & SEWER SERVICES (continued)

Water Mains: 375.32 miles
Fire Hydrants: 4,038
Sewer Mains: 237.23 miles sanitary; 284.09 miles storm; 42.94 miles combined.

STREET FACILITIES

Streets: Total 246.4 miles, with 64.71 miles on the Major Street System and 181.69 miles on the Local Street System. Less than 5 miles remain unpaved.
Alleys: Total under five miles.
Sidewalks: Total 201.29 miles including ten miles of paved bike paths.
Street Lights: Total 2,221 Detroit Edison owned and 190 City owned.

PUBLIC SAFETY

Public Safety is organized for efficiency into three areas of overall administration and communications (PSA), police and fire.

Vehicles	P.S.A.	Police	1st Line/ Fire Reserve
Cars	2	68	9/0
Trucks	0	1	9/2
Life Support	0	0	4/2
Vans, 4WD, etc.	0	23	8/0
Total	2	92*	30/4

*The Police count does not include vehicles that are waiting to be prepped at DPW Motorpool.

Facilities: One main Public Safety Building housing Police, and Civilian Support Services, as well as a 36-cell lock up facility operated by Wackenhut.

POLICE PROTECTION

Please note that the Southfield Police Department now uses NET RMS program from Oakland County CLEMIS for reporting incidents and calls for service.

Under this system crime is reported using Michigan Incident Crime Reporting (MICR) guidelines:

Group A Offenses: (serious incidents, which carry maximum penalty under the law: murder, manslaughter, rape, robbery, aggravated assault, breaking and entering, larceny, auto theft, arson, kidnapping/abduction, forgery, fraud, embezzlement, receiving and concealing stolen property, vandalism, weapons violations, commercialized sex, drug law violations, gambling).

Economic and Statistical History (continued)

POLICE PROTECTION (continued)

Group B Offenses: (fraud, non-forcible sexual, non-violent family, drunk driving, liquor law violations, obstruction, disorderly conduct, arrestable traffic).

Law Violations: Group A Offenses - 5,434
 Group B Offenses - 1,216

Traffic Violations: 10,054

Incidents Handled: 49,933

FIRE PROTECTION

Alarms Answered: 13,516 runs
Medical Emergency: 11,538 runs
Fire Runs: 1,978 runs

PARKS & RECREATION

The Southfield Parks and Recreation Department is responsible for 775 acres of parks, nature preserves and open space, and historic properties at 33 sites within the City. There are numerous ball fields, tennis and handball courts, picnic areas and shelters as well as soccer fields, play lots, and sand volleyball courts located throughout the City for residents' enjoyment. The Department is also responsible for a number of historical properties including the Burgh Historical Park, the Miller Barn at Inglenook Park, the Historic Code House, and the Mary Thompson Farm. The Burgh Historical Park includes period gardens with fountains and a gazebo and six historic buildings which bustle with activities from concerts and weddings to a variety of other family and community events. The Mary Thompson Farm features a restored 19th century farm house which is home to the Southfield Historical Society. The Senior Gardens at the Mary Thompson Farm provides plots to over 100 enthusiastic gardeners who offer tours to school and scouting groups.

The Department offers numerous recreation programs at facilities which include: 2 nine-hole golf courses, Evergreen Hills Golf Course and Beech Woods Golf Course, as well as the Beech Woods Driving Range and Heated Tee facility for year round play; the Southfield Sports Arena with its 50 meter outdoor swimming pool, complete with water slide, climbing wall, and kiddie pool with water features, as well as a regulation NHL ice surface indoor; Beech Woods Recreation Center features over 17,000 square feet of gymnasium space. The Center has the capability to run three collegiate basketball games simultaneously, in addition to four volleyball or three tennis or pickleball courts, indoor golf nets, and a complete wellness/fitness center. The Department is also responsible for the Southfield Adult Recreation Center 50+ as well as the Parks and Recreation Building and Southfield Pavilion.

Economic and Statistical History (continued)

PARKS & RECREATION (continued)

Southfield Parks and Recreation offers many programs for disabled athletes. The Civic Center Park is home to the first Miracle Field in the state; a custom synthetic turf and handicapped accessible dugouts, restrooms, and drinking fountains. The Beech Woods Recreation Center is proud to be the home of the Jr. Thunderbirds Wheelchair Basketball team. Golf programs have also been expanded to include youth programs such as Michigan First Tee and Midnight Golf, along with the PGA sponsored GAIN program for disabled golfers.

In addition to day-to-day programming for all Southfield residents, the Parks and Recreation Department is focused on providing quality, fun special events for families, including the *Daddy Daughter Dinner & Dance*, *EGGS'travaganza*, *Family Fun & Safety Night* (in partnership with the Southfield Police and Fire Departments), and *Boo at the Burgh*. Quality entertainment is offered year-round with a variety of concert series including the popular free outdoor concerts held throughout the summer at the Burgh Historical Park Gazebo and *Eat to the Beat* noontime series at City Centre. The Department has received many national awards for excellence in recreational programming, as well as for beautification and environmental maintenance and programming. In October of 2012, the City of Southfield received the President's Award from Keep Michigan Beautiful for the Carpenter Lake Nature Preserve at their annual meeting in Dearborn. This award represents the organization's highest honor which is awarded to communities throughout Michigan.

LIBRARY

Southfield Public Library helps people succeed! The value of the Library is immeasurable – it impacts all who desire to make education, literacy, technology and culture a vital part of their lives. Like reading a book, the magic of the Southfield Public Library and its unique environment unfold before you. Discover it for yourself!

Southfield Public Library welcomes over 2,000 guests daily to utilize our collection of over 250,000 books, movies, music and more. There are more than 190 public use computers in the library and free Wi-Fi is available throughout the building. Visit our website at www.southfieldlibrary.org and search our catalog; using your library card, find information not available on Google about genealogy, homework help, business information, health resources and much more.

The first level houses books, magazines music, movies and audio books for children and young adults. Our children's area provides the sense of discovery - colorful carpet icons greet and direct visitors to special features including the Readers' Treehouse and fireplace, our Storybook Castle with a Dragon's Den and Puppet Theater, the Space Station Program Room, the Imaginarium Garden and Early Literacy Computers. Children's programs are available throughout the year including story times, Battle of the Books, Summer Library Program. Teens have Club Q & A filled with graphic novels, books, music and movies. We have something for every one's interests.

Economic and Statistical History (continued)

LIBRARY (continued)

The second and third levels provide adults with comfortable areas for study and reading. Amenities include fireplaces, an outdoor terrace, quiet-study rooms, a computer lab, group study rooms and a variety of seating; ensuring there are places for everyone. Printers, copiers and fax machines are available on each level.

We offer books, magazines and newspapers in standard and large print. The Library has great book collections to fulfill pleasure reading and research needs, including items in a variety of languages to meet the needs of our diverse community. Other collections include feature, documentary and foreign movies, all kinds of music and specialized online research sources.

Southfield residents can download an ebook or audio book to their iPad, smartphone, Kindle, nook or e-reader via the library's website at www.southfieldlibrary.org.

Our Business StartUp Center is dedicated to helping small businesses and non-profits plan, finance, manage and grow, in the hopes of giving new entrepreneurs the resources to succeed.

In addition to all of those amenities we have librarians to help you with your questions. We can be contacted in person, phone and email. Librarians can suggest great books to read, help you research your term paper, start you on writing your business plan or get you started on a job search. Librarians are your guide to the world of information, both in print and online.

We also preserve the tradition of the Library as a community center and gathering place. Special features include the Southfield History Room, a large meeting room, an auditorium and group study rooms. Throughout the year we host authors, artists, performers and experts on a variety of topics to enlighten and entertain you.

City of Southfield, Michigan

Operating Indicators by Function/Program Last Ten Fiscal Years

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Election Data</u> (1)										
Registered voters	61,061	63,813	60,755	60,534	59,617	62,816	56,317	57,150	58,328	60,451
Absentee voters	4,162	9,753	4,868	7,236	4,536	14,100	5,251	7,084	4,683	14,020
Percent voting	13.49	65.41	22.74	53.34	14.66	68.79	22.48	49.50	16.05	72.67
<u>District Court</u>										
Number of Court Cases	45,674	46,403	60,579	61,709	53,978	50,268	49,807	57,582	54,155	57,305
<u>Police</u> (2)										
Offenses-Group A (3)	8,366	8,400	8,674	8,583	7,849	6,263	7,443	6,148	5,574	5,434
Offenses-Group B (4)	1,280	1,486	3,821	4,263	1,892	3,347	4,297	3,833	1,743	1,216
Traffic Violations	19,835	23,874	23,568	32,780	24,114	17,383	12,169	10,966	12,366	10,054
Incidents Handled	66,589	77,674	72,928	86,361	64,701	60,300	60,862	60,985	53,876	49,933
<u>Fire</u>										
Medical Emergencies	8,401	9,361	9,549	8,774	9,361	9,251	9,850	10,504	10,410	11,538
Fire Runs	2,631	1,709	1,561	2,024	1,709	2,108	1,853	1,948	1,772	1,978
<u>Library</u>										
Circulation	569,209	602,974	588,696	556,961	551,307	644,133	712,060	701,976	644,380	496,851
Collection Volume	216,106	244,481	263,857	271,462	270,885	286,931	289,404	314,778	288,949	291,168

(1) For general elections only during that year

(2) Southfield Police Department uses NET RMS program from Oakland County CLEMIS for reporting incidents and calls for service.

Under this system crime is reported using Michigan Incident Crime Reporting (MICR) guidelines:

(3) Group A offenses include murder, manslaughter, rape, robbery, aggravated assault, breaking and entering, larceny, auto theft, arson, kidnapping/abduction, forgery, fraud

(4) Group B offenses include fraud, non-forcible sexual, non-violent family, drunk driving, liquor law violations, obstruction, disorderly conduct, arrestable traffic

Source: City of Southfield

City of Southfield, Michigan

Capital Asset Statistics By Function/Program Last Ten Fiscal Years

Function/Program	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Fire</u>										
Stations	5	5	5	5	5	5	5	5	5	5
Vehicles	34	33	36	33	33	36	38	38	41	34
<u>Police</u>										
Stations	3	3	3	3	3	3	3	3	3	3
Vehicles	122	119	119	116	119	122	109	109	95	94
<u>Streets</u>										
Miles on major street system **	64.71	64.71	64.71	64.71	64.71	64.71	64.71	61.53	64.71	64.71
Total miles of streets	245.73	245.73	245.73	245.73	245.73	245.73	245.73	246.85	246.40	246.40
Miles of unpaved	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5
Miles of alleyways	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5
Miles of sidewalks	201.29	201.29	201.29	201.29	201.29	201.29	201.29	201.29	201.29	201.29
Miles of paved bike paths	10	10	10	10	10	10	10	10	10	10
<u>Street Lights</u>										
Detroit Edison owned	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221
City owned	190	190	190	190	190	190	190	190	190	190
<u>Water</u>										
Annual distribution in million cubic feet	576,904,844	559,549,232	576,499,344	504,851,000	523,052,200	482,841,900	449,737,200	505,012,300	510,329,700	484,436,900
Miles of watermains **	397.73	397.73	397.73	397.73	397.73	397.73	397.73	375.32	375.32	375.32
Number of hydrants **	4,026	4,026	4,026	4,026	4,026	4,026	4,026	4,038	4,038	4,038
<u>Sewers</u>										
Miles sanitary **	272.46	272.46	272.46	272.46	272.46	272.46	272.46	237.23	237.23	237.23
Miles storm	284.09	284.09	284.09	284.09	284.09	284.09	284.09	284.09	284.09	284.09
Miles combined **	54.47	54.47	54.47	54.47	54.47	54.47	54.47	42.94	42.94	42.94
<u>Parks and Recreation *</u>										
Number of developed parks	20	20	20	20	20	20	20	20	20	20
Acres of public parks	800 ⁽¹⁾	800	800	775 ⁽²⁾	775	775	775	775	775	775
Number of tennis courts	20	20	20	20	16 ⁽³⁾	16	19 ⁽⁴⁾	19	16 ⁽⁵⁾	16
Outdoor education center/farm	1	1	1	1	1	1	1	1	0	0
9-hole golf courses	2	2	2	2	2	2	2	2	2	2
Ice arenas	1	1	1	1	1	1	1	1	1	1
Pools	1	1	1	1	1	1	1	1	1	1

Notes:

- ⁽¹⁾ Purchase 12 acre farm property in 2004 at Carpenter Lake
- ⁽²⁾ Deducted 25 acres, now managed by Oakland County Parks & Recreation
- ⁽³⁾ Removed 4 tennis courts at Beech Woods (Some to be replaced at a later date)
- ⁽⁴⁾ 3 New Tennis Courts at Beech Woods (Completed in 2011)
- ⁽⁵⁾ Removed Tennis Courts at Bedford Woods (in 2011)

* Data updated by City of Southfield Parks & Recreation
 ** Data updated by City of Southfield Streets & Highway in 2011
 Source: City of Southfield

City of Southfield, Michigan

Authorized Full-Time Positions

Last Ten Fiscal Years

Department	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Accounting	8.40	8.40	8.40	7.50	7.50	7.50	7.50	6.50	5.50	5.50
Administration	4.00	4.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00
Assessing	11.15	11.15	10.65	10.65	9.65	9.65	9.65	6.90	7.00	7.00
Building	21.00	21.00	21.00	21.00	20.00	20.00	20.00	20.00	17.50	16.40
Cable TV	7.00	7.00	7.00	7.00	7.00	6.50	7.00	5.25	5.50	5.50
Central Services	6.00	6.00	7.00	7.00	6.00	6.00	6.00	6.00	4.00	4.00
City Clerk	11.00	11.00	11.00	11.00	11.00	11.00	11.00	7.00	7.00	7.00
City Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Civilian Operations/Communications ⁽¹⁾	25.00	25.00	24.00	24.00	-	-	-	-	-	-
Community Develop. Admin.	14.00	15.00	13.00	13.00	13.00	12.00	10.00	8.00	8.00	8.00
Community Relations	6.00	6.00	6.00	6.00	6.00	6.00	5.50	5.25	5.00	4.00
District Court	40.00	40.00	39.00	39.50	39.50	39.50	39.50	38.00	37.50	38.25
Emergency Management	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50	0.50	0.50
Engineering	10.00	11.00	11.00	10.00	11.00	11.00	11.00	6.00	6.00	6.00
Facilities Maintenance	44.26	44.26	44.26	42.26	42.26	42.26	42.26	32.00	31.00	26.00
Fire	114.00	114.00	113.00	113.00	113.00	113.00	113.00	102.50	101.00	93.00
Fiscal Services/OMB	3.00	3.00	3.00	3.00	4.00	4.00	4.00	2.00	2.00	2.00
Human Resources ^{(2), (3)}	18.75	11.00	9.00	9.00	8.50	10.00	10.00	9.50	6.50	6.00
Human Services	5.50	5.50	4.50	4.50	4.50	4.50	4.50	4.00	3.00	4.00
Labor Relations ⁽³⁾	1.00	1.00	1.00	1.00	1.00	-	-	-	-	-
Legal	10.00	10.00	9.00	8.00	8.00	8.00	8.00	7.50	7.50	7.50
Library	64.50	64.50	64.50	61.50	61.50	61.50	61.50	52.00	50.00	54.25
Mayor	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Motor Pool	14.00	14.00	15.00	15.00	15.00	14.75	14.75	13.25	13.25	12.25
Parks and Recreation	110.27	101.80	93.80	92.80	92.80	91.05	91.05	80.05	80.90	81.05
Planning	7.00	7.00	7.00	7.00	6.00	6.00	6.00	4.50	4.00	4.50
Police ⁽¹⁾	186.89	186.89	182.89	177.66	201.66	202.16	202.16	187.66	172.66	169.16
Public Works Admin.	7.00	7.00	7.00	6.00	6.00	6.00	5.00	3.00	1.50	-
Purchasing	3.00	3.00	3.00	3.00	3.00	2.50	2.50	2.50	2.50	2.00
Retirement Administration ⁽⁴⁾	1.00	1.00	-	-	-	-	-	-	-	-
Streets And Highways	31.62	31.62	36.62	36.62	36.62	36.62	36.62	25.00	25.00	25.00
Technology Services ⁽⁵⁾	11.50	11.50	11.50	11.00	11.00	11.00	11.00	10.00	9.00	9.00
Transportation	4.76	4.76	4.76	4.76	4.76	4.76	4.76	3.00	3.00	3.00
Treasurer	8.60	8.60	8.60	8.50	8.50	8.50	8.50	8.50	7.50	7.50
Water And Sewer	31.08	31.08	31.08	30.08	30.08	30.08	31.08	19.50	17.00	17.00
Totals	851.78	837.56	820.06	803.83	801.33	798.33	797.33	689.36	653.31	637.86

⁽¹⁾ Effective July 1, 2007, Civilian Operations/Communications budget became part of Police budget.

⁽²⁾ In 2004-05, eight contractual daycare positions were eliminated upon the closing of the daycare center.

⁽³⁾ Effective July 1, 2008, Labor Relations budget became part of Human Resources budget.

⁽⁴⁾ New Department in 2003-04.

⁽⁵⁾ Effective July 1, 2003, department title was changed from Information Services to Technology Services.

Source: City of Southfield Office of Management & Budget

City of Southfield, Michigan

**Management Group (Exempt) Personnel
Salary Schedule July, 2013**

<p align="center">Grade E - U, \$98,949 - \$133,872 Deputy City Administrator/Fiscal Services Director</p>
<p align="center">Grade E - T, \$92,757 - \$125,496 Deputy City Administrator</p>
<p align="center">Grade E - S, \$88,555 - \$119,815 Director of Public Works Director of Planning & Economic Development Police Chief Deputy City Attorney</p>
<p align="center">Grade E - R, \$82,575 - \$111,719 Deputy Director - Public Works/Operations Director of Community Relations Director of Parks and Recreation Director of Staff Services/Human Resources Fire Chief City Planner</p>
<p align="center">Grade E - Q, \$78,447 - \$106,135 City Librarian City Controller/Deputy City Treasurer Director of Technology Services</p>
<p align="center">Grade E - P, \$74,876 - \$101,302 Attorney IV City Assessor City Engineer Human Services Director</p>
<p align="center">Grade E - O, \$68,239 - \$92,321</p>
<p align="center">Grade E - N, \$62,411 - \$84,438 Attorney III Deputy City Assessor Deputy City Clerk Deputy City Librarian Deputy City Planner Deputy City Treasurer Labor Relations Director Purchasing Agent</p>
<p align="center">Grade E - M, \$57,393 - \$77,653 Attorney II</p>
<p align="center">Grade E - L, \$52,968 - \$71,664 Attorney I</p>

Source: City of Southfield, Human Resources

City of Southfield, Michigan

State Shared Revenues Last Ten Fiscal Years

<u>Fiscal Year</u> <u>Ending June 30</u>		<u>State Shared</u> <u>Revenue</u>
2004	\$	7,744,680
2005		8,968,087
2006		7,483,714
2007		5,612,524
2008		8,383,945
2009		7,476,776
2010		6,182,706
2011		6,182,693
2012		5,973,225
2013		6,138,572

Gas and Weight Taxes Last Ten Fiscal Years

<u>Fiscal Year</u> <u>Ending June 30</u>		<u>Type of Street</u>			<u>Total</u> <u>Gas and Weight Tax</u> <u>(Act 51) Receipts</u>	
		<u>Major Road</u>	<u>Local Road</u>			
2004	\$	4,210,673	\$	1,264,156	\$	5,474,829
2005		4,060,585		1,222,393		5,282,978
2006		4,009,988		1,207,717		5,217,705
2007		3,964,295		1,193,146		5,157,441
2008		1,647,039		495,743		2,142,782
2009		6,023,732		1,809,212		7,832,944
2010		3,699,879		1,111,526		4,811,405
2011		3,753,339		1,129,517		4,882,856
2012		3,782,991		1,132,407		4,915,398
2013		3,799,468		1,136,566		4,936,034

Source: City of Southfield

City of Southfield, Michigan Labor Agreements

Name	Expiration Date	Number of employees covered
American Federation of State, County and Municipal Employees (AFSCME) Public Works and Parks & Recreation	6/30/2012 *	65
AFSCME Supervisors	6/30/2012 *	26
Technical, Professional, and Office Worker Association TPOAM	6/30/2012 *	118
Southfield Fire Fighters Association SFFA	6/30/2012 *	94
Southfield Police Officers Association SPOA	6/30/2009 *	100
Michigan Association of Police (MAP) Public Safety Communication Supervisors	6/30/2005 *	5
Police Officers Association of Michigan POAM	6/30/2009 *	14
Southfield Police Command Officers' Association SPCOA	6/30/2009 *	26
Southfield Deputy Chiefs Association SPDC	6/30/2012 *	2

* All contracts have expired.

(This page left intentionally blank.)